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NEWS SUMMARY

GENERAL

Left-wing triumph in union elections

Left wingers in the Civil and *Public Service Association* scored a sweeping victory in union elections.

There was a landslide election of a left-dominated executive committee and Mr Kevin Bodd?, a hard-line supporter of the Labour Party's Militant Tendency, was elected president.

The voting now throws into *doubt recent agreements* between the Government and the largest Civil Service union.

The First Division Association, representing 8,000 top civil servants has backed the TUC's campaign against the Employment Bill. **Back Page**

Diplomats go

The U.S. has ordered two Polish diplomats to leave the country in retaliation for the expulsion of two American diplomats on charges of spying, the State Department said.

Pope attack

Juan Fernandez Krahn will face Lisbon magistrates today in connection with an attack on the *Pope at the Shrine of Fatima.*

Bullet go-ahead

Security forces in Northern Ireland will continue to use plastic bullets, in spite of a vote in the European Parliament to ban them. **Page 2**

Passengers die

Thirteen people were killed and 24 injured when a crowded bus overturned and plunged 90 ft into a ravine, near Mexico City.

Iran executions

Seven people have been executed and eight given long prison terms in Shiraz, Iran, for their part in the assassination of a leading clergyman, in December. **Gulf states to meet, Page 4**

Nato call

The U.S. Senate has called on President cRagan to launch an initiative to revitalise Nato, at the organisation's summit meeting in Bonn, next month.

Hostage talks

BRAZILIAN diplomats are due to arrive in Guatemala today, to try to negotiate the release of eight hostages held in their embassy by armed leftists. **Page 5**

Killer jailed

Tony Hobson, 27, described as a ruthless killer by the judge was jailed for at least 30 years at Durham Crown Court, for murdering three men who "crossed the Hell's Angels."

Space launch

The Soviet Union launched a Soyuz T-5 two-man spacecraft which will dock with its orbiting space station Salyut 7, Tass reported.

BCal wins route

British Caledonian has won its battle to fly scheduled passenger services between Gatwick and Los Angeles—the route left vacant by Laker Airways' collapse. **Page 9**

False readings

Up to 40 per cent of former company cars may have had their milometers turned back before reaching new owners, said the Automobile Association's Drive magazine. **Page 8**

Aircraft crashes

An RAF Hunter jet crashed in *hills* south of Aberystwyth. The pilot ejected and suffered only minor injuries.

Briefly . . .

Spanish football stadium employees are threatening to strike during next month's World Cup finals.

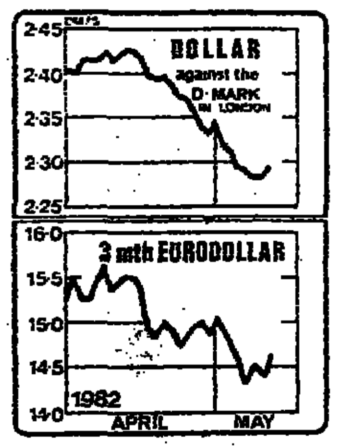
Gang Show founder Ralph *Reader died in London, aged 78.*

BUSINESS

Gold off $3.35 in NY; $ rises

● STERLING fell 1.45 cents to close in London at $1.824. It fell to DM 4.19 (DM 4.195), FFr 10.925 (FFr 10.94), but rose to SwFr 3.3375 (SwFr 3.535) and was unchanged at Y429.5. Its trade-weighted index was unchanged at 90.4. Page 38

● DOLLAR rose in London to DM 2.2955 (DM 2.2805), FFr 5.9925 (FFr 5.9525), SwFr 1.938 (SwFr 1.9225) and Y235.25 (Y233.5). Its trade-weighted



index was 112.4 (111.8). A firmer trend in Eurodollar rates helped support the dollar throughout the day. Page 38

● GOLD fell $0.125 in London to close at $332.125. In New York the Comex May close was $331.6 ($334.95). Page 38

● EQUITIES: the FT 30-share index fell 5.7 to 563.2 in dull trading. Page 37

● GILTS: the Government Securities Index lost 0.2 to 69.21. Page 37

● WALL STREET was 6.75 down at 859.02 near the close. Page 36

● CERTIFICATES of tax deposit rate of interest has been cut to 13.25 per cent from 13.5 per cent.

● **INDIA** awarded a £90m telecommunications contract to CIT Alcatel of France in a major setback for Britain's System X consortium. **Page 6**

● **BRITISH** and U.S. companies *will be able to draw on cheap* credits from Japan to finance exports to third countries. **Back Page**

● **COMPUTERS ORDER** worth millions of pounds for the Driver Vehicle Licensing Centre is expected to be put to open tender by the Government. **Back Page**

● **NORTH SEA** drilling concessions will be auctioned as part of a plan to be announced by the Government. **Back Page**

COMPANIES

● **PHILIPS,** the Dutch electrical group, increased trading profits by 10 per cent in the first quarter to Fl 591m ($233m). **Page 33**

● **BRANIFF INTERNATIONAL,** the airline, is suspending operations and filing for protection under the U.S. bankruptcy laws. **Back Page**

● **TOOTAL,** one of the four big British textile companies, is to transfer its thread-making headquarters from Manchester to the U.S. *Page 8*

● **FORMER CHAIRMAN** of commodity brokers Gill and Duffus, Mr Thomas Aitken, who left the company in February, received a £119,000 pay rise last year. **Page 26**

● **ROBERT MAXWELL,** the publishing entrepreneur, was involved in four business moves yesterday including an attempt to rescue former Labour MP Woodrow Wyatt's printing company from receivership. **Pages 26 and 27.**

● **ULTRAMAR,** the oil company, improved taxable profits in the first quarter to £43.7m (£42m). **Page 26, Lex, Back Page**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
CASE	260	+ 8
Exco Intnl	195	+ 10
Goodman Bros	16	+ 2
Hepworth Ceramic	104	+ 4
KwikFit	50	+ 4
S and U Stores	17	+ 3
Seccombe Marshall	235	+ 25
Trident TV A	71	+ 9
Vaux Breweries	148	+ 10

FALLS		
BTR	340	— 18
Bambers Stores	27	— 5
Barclays Bank	460	— 8
Barlow Rand	343	— 19
British Aerospace	209	— 7
Camrex	52	— 5
Coats Patons	67	— 3
Costain	254	— 6
Dalgety	295	— 15
Dowty	128	— 4
Glaxo	667	— 7
Greatermans A	230	— 40
Hawker Siddeley	332	— 6
Ladbroke	154	— 6
Plessey	422	— 6
Rothmans	98	— 3
BP	314	— 4
Burmah Oil	140	— 5
Tricentrol	212	— 8
Ultramar	436	— 22
CSR	193	— 12
MIM Hldgs	187	— 13
Oakbridge	80	— 5
Peko-Wallsend	270	— 10
Western Mining	218	— 19

Tory backbenchers pressure Government over Falklands talks

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT faces an increasingly delicate political balance in trying to retain maximum flexibility in negotiations over the Falklands crisis at the United Nations in New York, while reassuring its supporters that no fundamental principles have been compromised.

The signs last night were that a sizable group of Tory MPs remained uneasy about the course of negotiations and were critical of the concessions under discussion—which were offered in the U.S./Peruvian initiative last week.

The talks are at an "important and delicate stage," said *Mr Francis Pym, Foreign Secretary,* yesterday, when he opened the fifth Commons emergency debate on the crisis. He said that on Tuesday "those talks seemed to make a little progress. On Wednesday, things went less well. Hopes had been raised before, only to be dashed, and many very serious difficulties remain."

The discussions appear to be stuck on the question of an interim administration for the islands, as well as on the central issue of sovereignty.

Mr Pym yesterday indicated that Britain was prepared to be flexible in discussing sovereignty in future negotiations and in recognising that third parties, possibly including the UN, as well as local inhabitants, could be involved in the interim administration. He sought to distinguish these points from those regarded as British fundamental requirements, as both he and Mrs. Thatcher attempted to reassure their backbenchers.

The Prime Minister said she was working for "a peaceful solution, not a peaceful sell-out." She stressed that Britain wanted the withdrawal of all Argentine military and civil personnel within a specified time and in a verified manner and insisted on no prior conditions or understandings by Argentina about the long-term sovereignty of the islands.

She said these points could never be forgone and emphasised that "no military options could be stopped by the negotiations and if there was not a settlement the Government had the power to act."

Mr Pym made similar points, though some MPs detected more ambiguity in his speech. He clearly failed to satisfy the doubters and there were apparently strong warnings from half a dozen speakers at a private

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Heath scorn for sell-out fears angers Tory right, Page 12
Politics Today, Page 24

Talks continue at UN

The efforts of Sr Javier **Perez de Cuellar, the United Nations Secretary-General, to end the fighting over the Falkland Islands continued for the sixth consecutive day yesterday. Sir Anthony Parsons, the chief British delegate at the UN, said after consultation with Sr Perez de Cuellar that he had "very serious and** ***profound discussion with the Secretary*** **General on some important issues. We are still in business." Earlier, he said he was bringing fresh instructions from his Government.**

Security Council members are to hold closed-door consultations today on several topics, including the Falklands crisis.

Aircraft carriers were target for Argentine jets

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE military engagement in the South Atlantic on Wednesday in which British missiles shot down two Argentine aircraft, was much bigger and potentially graver than either side admitted, it emerged yesterday.

Reports of the action are far from complete and are contested, but it would appear that at least a dozen Argentine fighter bombers launched a phased attack on a group of British warships which were almost certainly guarding the two aircraft carriers with the naval task force.

It now appears that, in addition to the two Argentine Skyhawk aircraft shot down by British Sea Wolf missiles, one of the British warships was damaged.

The Defence Ministry in London yesterday confirmed the damage, which it described without any further detail as "comparatively minor." There were no British casualties, it said.

The Ministry statement came after Argentina admitted the loss of its two fighters and claimed it had inflicted serious damage to two British frigates.

The Ministry statement confirmed that the attack, originally announced on Wednesday as involving two British ships and three Argentine aircraft, had occurred at 5.30 pm London time *on Wednesday.*

However, yesterday the Ministry said the Argentine Skyhawks had "approached in three waves." In the first "there were four aircraft, two of which were shot down. A third aircraft flew into the sea while taking evasive action and the fourth aircraft escaped."

No further aircraft were shot down, it said, but "while engaging the second group, which also contained four aircraft, one of Her Majesty's ships sustained comparatively minor damage." It concluded: "The third group of Skyhawks subsequently gathered some distance from our ships but did not approach for an attack."

The ministry spokesman denied reports that a British ship had been sunk or that a frigate as reported on London Broadcasting *commercial* radio yesterday, had been holed by a torpedo.

Several serious questions remain, notably about the role of the two frigates which were apparently involved.

The ships have not been identified by the Ministry, except as carrying the Sea Wolf missile system. The only warships on which this system is deployed are the Type 22 Broadsword frigates, of which there are believed to be only two with the task force.

The prime role of these frigates is to provide close support for the critical elements of the task force, the two aircraft carriers HMS Hermes and HMS Invicible. For lack of further information from the Ministry, naval experts were assuming last night that the carriers were well—and dangerously—within the sights of the Argentine aircraft.

FALKLANDS WEATHER: Wind NW, Force 6 (25 knots) with 10 ft seas. Visibility fair, with intermittent rain. Temperature low-40s F. *Outlook:* Storm system moving in from West. Cloud and rain. Wind W, Force 7 (30 knots).

Trident wins two casino licences

BY DUNCAN CAMPBELL-SMITH

TRIDENT *TELEVISION* succeeded yesterday in wiping the legal slate clean for two of the three London casinos it acquired from Playboy Enterprises last December. Trident's shares closed 9p up at 71p.

South Westminster licensing justices *took only a few minutes* to renew the licence of the Victoria Sporting Club earlier in the day. But Trident's counsel presented 14 witnesses and a host of arguments over several hours to support the new licence application for the Clermont Club that eventually succeeded.

The Clermont plans to reopen *the gaming facilities* at its Berkeley Square premises next Monday.

Gaming at both the Clermont and the Playboy Club, Trident's third London casino, were suspended on February 15 pending new licence hearings, and the Playboy application was turned down by the same bench last Monday.

That move knocked 18½p off Trident's share price, which has risen as high as 100p this year. It closed at 64p on Monday.

Mr Gwyn Ward Thomas, Trident's chairman, said last night he was delighted by the Clermont and Victoria decisions. The two clubs would give Trident pre-tax profits on an historical basis of up to £6m this year.

But he said Trident was "totally mystified and perplexed" by the rejection of the Playboy application and would appeal against it.

Yesterday's hearing on the Clermont was a markedly different affair from Monday's and suggested a steep learning curve in the Trident camp.

The justices indicated on Monday a lack of evidence in court of Trident's suitability as a gaming company. Plenty was on hand yesterday, including Mr Peter Neivens, the former deputy assistant commissioner at New Scotland Yard. Since joining Trident, said Mr Neivens, he had "read every paper (on gaming) that I have ben able to get hold of . . ."

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Cabinet meets on EEC budget

By John Wyles, in Strasbourg

MRS MARGARET THATCHER, the Prime Minister, is due to meet her senior cabinet colleagues today to consider whether Britain should accept a one-year interim budgetary settlement with the EEC, in advance of agreement on a longer-term arrangement.

Mr Leo Tindemans, Belgian president of the Community's Council of Ministers, and M Gaston Thorn, President of the EEC Commission, have written to London appealing to the British Government to accept budgetary rebates for 1982, on the understanding that a longer-term arrangement, lasting "several years," would be negotiated by the end of this year.

The British Government has been demanding immediate agreement on a medium-term arrangement and has been blocking the adoption of higher EEC farm prices to exert pressure on its partners.

The Tindemans-Thorn letter talks of a special rebate of £450m which could still leave Britain paying around £550m to Brussels this year. The letter implies that the British ought to bear in mind that they have paid £500m less to Brussels in 1980-81 than was envisaged under the agreement in May 1980 providing for temporary curbs on UK budget payments.

But London is likely to insist on a rebate of around £625m which would reduce its net 1982 contributions by two thirds—the same proportions envisaged for 1980-1981 in the agreement two years ago.

A 12-month deal would leave the British question open for yet a further bruising round of negotiations — much closer to a British election.

But, in a surprising act of rebellion which has added to the pressure on Mrs Thatcher, Sir Henry Plumb and a "majority" of the 60 British Conservatives in the European Parliament yesterday repudiated her policy of refusing to *allow an increase in Community* farm prices until she has won a settlement of Britain's EEC budget demands.

Sir Henry justified his break with British Government policy by saying that the EEC had given strong backing to the

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£ in New York

—	May 13	Previous
Spot	$1.8320-8335	$1.8350-8365
1 month	0.30-0.35 pm	0.30-0.35 pm
3 months	0.75-0.80 pm	0.70-0.75 pm
12 months	2.05-2.15 pm	1.95-2.05 pm

Barclays to open 400 branches on Saturdays

BY ALAN FRIEDMAN AND PAUL TAYLOR

BARCLAYS BANK is to open 400 of its full branches—about one in five—on Saturday mornings from the autumn. The move, which reverses a decision taken 13 years ago by all the London clearing banks, is *designed to* challenge Britain's building societies and secure a larger Barclays share of private-customer deposits. The bank is already Britain's largest in asset terms.

The branches will open from 9.30 to noon, starting in September.

Barclays is confining the Saturday services to private customers, which means it will open new accounts, cash cheques, accept deposits and sell foreign currency and travellers cheques.

No other banks yesterday showed any sign of following the Barclay decision, but two announced other moves to hit back further at competition from building societies.

Lloyds announced it was moving into the estate agency business, the first British bank to do so, with the purchase of the six-office Charles Hawkins group in Norfolk.

And National Westminster announced a further extension of its home loan scheme.

The Barclays move which follows an announcement of new customer account charges, earlier this week, may be opposed by one or both of its unions, which represent 80 per cent of the bank's staff. These were hostile yesterday, although nether rushed into immediate, outright opposition.

Mr Eddie Gale, general secretary of Barclays Group Staff Union, was "outraged" by the lack of prior consultation. Mr Leif Mills, general secretary of the Banking, Insurance and Finance Union, indicated that the proposals could prove unacceptable.

The unions were informed of the decision only on Wednesday afternoon. Mr John Quinton, senior general manager, said the staff reaction had been "*pretty relaxed.*"

Employees would serve on a voluntary basis for a flat payment separate from their normal wages.

"They'll be delighted to have money in their hands," he said. Barclays would recruit from outside its normal staff if there are not enough volunteers. Mr Quinton said the bank could *also ask some of its pensioners* to work on Saturdays.

The principal aim of the Saturday programme was to attract new deposits and to compete head-on with building societies. The societies had "grown fatter at our expense" according to Mr Quinton. Barclays wished to re-establish itself in "the business of attracting savings from the private customer."

He felt the new openings would attract 100,000 more current accounts a year, compensating for the £5m a year additional costs involved.

Both Midland Bank and National Westminster, which has more branches than any of its rivals, said last night they had decided two years ago not to open on Saturdays because it was not likely to be profitable. Mr Charles Green, a Natwest general manager, said: "Frankly we doubt whether Barclays will gain very much more business off the street."

The consensus among the other banks was that they must wait to see how profitable the Barclays decision proved.

Lloyds' purchase of Charles Hawkins has been triggered by "the bank's desire to offer a full package of financial services to house buyers."

The bank has set up a subsidiary, Black Horse Agencies, and expects to announce other acquisitions in the next few weeks.

The major changes in National Westminster Bank's house purchase scheme are: 100 per cent mortgages on purchases up to £40,000 and 95 per cent mortgages up to a new maximum of £150,000

The bank will also extend its re-mortgage scheme and increase the maximum period on a mortgage from 25 years to 30.

Andrew Taylor adds: The Lloyds Bank announcement caught building societies totally off guard. They had expected that one of the clearing banks might opt for Saturday opening before long, but the acquisition *of an estate agent* was completely unexpected.

Mr Richard Weir, secretary general of the Building Societies Association said: building societies were precluded from acting as estate agents under the 1962 Building Societies Act.

Building societies estimate that banks are currently taking about *a third of all* new mortgage business compared with about 40 per cent in the fourth quarter of last year.

They have said that they will be concerned if the banks retain more than 20 per cent of new mortgage business in the long term.

Why Barclays reversed major policy decision and union reaction, Page 8
Barclays International eastern venture, Page 27

Riot police move to quell token Solidarity protest

BY CHRISTOPHER BOBINSKI IN WARSAW

THOUSANDS OF people in the centre of Warsaw showed their opposition to martial law by showing victory signs as drivers blew their car horns at noon yesterday.

But in outlying parts of the city traffic moved normally and there were few outward signs of support for the call by the underground Solidarity leadership for a minute-long halt to traffic and a 15-minute strike, to mark five months of martial law.

The token protest in the city centre ended when strong detachments of helmeted riot police moved in to clear the crowd.

The incident showed that the sympathies of ordinary people are with the suspended union and that they are impatient for an end to the restrictions.

But in the industrial plants in the capital, where support is crucial if the authorities are to treat the union's underground leadership seriously, there was little sign of a stoppage.

Late yesterday afternoon Mr Jerzy Urban, the Government press spokesman, claimed that despite "the colossal propaganda for the strike in the Western media, no strike had in fact taken place, and the country had stayed calm at noon."

He did say that in some factories groups of workers had stopped work but "these could be counted on the fingers of one hand."

Earlier in the week Mr Andrzej Jedynak, a deputy-premier, had circulated a note reminding ministers that anyone taking part in strikes could be sacked or relegated.

The note, dated May 10, also said that factory managers "tolerating the disturbance of calm and order in factories should be dismissed from their posts."

This order means that the authorities are unlikely to get a full picture of the industrial action as managers will want to conceal any incidents from their superiors.

At Warsaw University, however, the support for the union's call was impressive and thousands of students and staff came out into the main courtyard and stood quietly for 15 minutes.

At the Huta Warszawa steelworks, in northern Warsaw, a factory siren sounded at noon and traffic inside the works gates thinned out.

The trucks and trailers started moving again at 12.15, a sign that some kind of protest had taken place.

Meanwhile at the Bialoleka prison on the edge of Warsaw 16 interned Solidarity activists were due to start a protest hunger strike.

The 16, includes some of the union's leading radicals like Mr Andrzej Gwiazda, Mr Lech Walesa's deputy until last autumn and one of the Solidarity leader's critics.

The imprisoned activists have said they are in favour of talks with the authorities on the moderate terms outlined by the Catholic church.

This shift in attitude coincides with a change in the mood of people, at least in the capital.

A church service, on Wednesday evening for Marshal Jozef Pilsudski, Poland's pre-war military leader, attracted some 4,000 mostly young, people.

But despite a strong police presence no incidents ensued.

MEP vote to ban plastic bullets

The European Parliament yesterday voted overwhelmingly to ban the use of plastic bullets throughout the Community.

After a debate sparked off by the death in Londonderry last month of a 12-year-old boy hit in the head by a plastic bullet, MEPs voted in favour of four separate resolutions, three of which called on EEC governments to ban plastic bullets.

A fourth urged governments to respect human life and cease using "lethal weapons" against civilians. British Conservatives voted against the measure.

Mr Derek Prag, a British Conservative told the Parliament that security forces in Northern Ireland faced an unpleasant and dangerous task, and all violence was deeply regretted. But Governments accepted that there had to be control, and the British Government had adopted the principle that it should be kept to the minimum possible.

He said water cannon and CS gas were inefficient and rubber bullets haphazard in the control of rioting. So far, plastic bullets had been found to be the most effective and least dangerous form of control.

Mr Richard Balfe, a Labour MEP, said 100,000 plastic bullets had been fired by security forces in Northern Ireland and 14 people had died.

He joined Independent Irish MEP, Mr Neil Blaney and Communist members in a resolution noting that Mr William Whitelaw, Britain's Home Secretary, recently stated that plastic bullets had not been used during riots in England "in case someone might get killed."

Agencies

VAN AGT MAY TRY TO PUSH THROUGH CUTS

Dutch minority Government possible

BY WALTER ELLIS

THE DUTCH could face a period of minority government following Wednesday night's break-up of the three-party coalition with the departure of its six Labour Party ministers.

Labour had steadfastly refused to endorse the dominant Christian Democrats' proposal of economic cuts, which would have included tax breaks for indsutry, reduced public spending, less government borrowing and a setting aside of Labour's cherished scheme for large-scale job creation.

Last night Mr Dries van Agt, the Christian Democrats leader, was still Prime Minister, supported by the small Democrats '66 Party. But without Labour support he has no parliamentary majority and, it seems, must now cajole the opposition Liberals into short-term acceptance of a minority administration to be followed by elections in the autumn.

The consensus yesterday was that Mr van Agt would somehow soldier on, seeking, with Liberal support, to get his economic cuts on to the statute books as quickly as possible. He knows that Labour fears elections just now, but must also reckon with the combative spirit of Mr Joop den Uyl, the labour leader, and the possibility that further confusion might reign after an autumn general election if, once again, no political bloc gains a clear majority.

The Liberals (right-of-centre despite their name) are broadly sympathetic to Mr van Agt's policy of economic retrenchment, and it is no secret that the Premier would be more at home with them in government than with the truculent Socialists under Mr den Uyl.

Last May's general election, however, made this impractical since the Democrats 66 Party was needed to make up numbers in any realistic combination and had refused to work with the Liberals.

The Christian Democrats and Democrats 66 appear determined to go ahead with the same interim spring budget that pitched Labour over the brink.

Both parties believe that the Netherlands is living beyond its means and that, unless something is done quickly, the enormous cost of maintaining the country's generous welfare state will ruin the economy.

Mr van Agt wants to cut the budget by Fl 2.3bn (£492m) this year and by a further Fl 8.5bn (£1.8bn) in 1983 and sees as his main targets the national minimum wage, sickness benefits and the proposed job creation scheme.

Labour would have none of this. Its alternative—cuts in the defence budget—met with a similar frosty reception from Mr van Agt.

The result is that Queen Beatrix and her Council of State were left to decide whether the Netherlands has a Government. If it seems in the country's best interests that it does, then the question remains whether that Government should have full status or simply be a caretaker government, legislatively hamstrung, pending a new election.

Security agents restrain Krohn after the attack

Rebel priest charged after attack on Pope

BY DIANA SMITH IN LISBON

A STRONG mood of religious devotion and serenity returned to Portugal yesterday during the second day of Pope John Paul II visit, despite the immediate feeling of shock throughout the country that followed an attempt on the Pontiff's life the night before.

Police in Lisbon were interrogating a man identified as Joan Fernandez Krohn, a 32-year-old Roman Catholic religious dissident from Spain, whom they charged with attempted murder, a crime carrying a sentence of 15-20 years. Krohn is to appear before examining magistrates today.

A crowd estimated at 1m heard the Pope say Mass at the religious shrine of Fatima yesterday where he gave thanks to the Virgin Mary for sparing his life exactly a year ago from an assassination attempt in St Peter's Square in Rome.

Late on Tuesday night, hundreds of thousands of Portuguese television viewers saw an assailant, dressed as a priest, lunge at the Pope. The assailant was wielding a long bayonet and shouting abuse. He was overwhelmed by Vatican and Portuguese security men. The Pope was seen to bless the man as he was being restrained.

The attack occurred during a candlelight procession attended by hundreds of thousands of Portuguese and foreign pilgrims on the first day of the Pope's four-day visit.

Police said the accused was a supporter of Monsignor Marcel Lefebvre of France, the dissident archbishop who broke with the Catholic Church's reform movement in recent years.

Police said Krohn's mental condition appeared sound and he was "very determined." They said he was living outside Paris, and that his passport was issued in Buenos Aires. They have contacted Interpol, the international police organisation.

AP adds from Geneva: Krohn has not been a member of Archbishop Lefebvre's movement for two years, according to a statement issued at the Swiss motherhouse of the traditionalists' St Pius X fraternity.

"This priest has constantly disagreed with Mgr Lefebvre," said the statement read by a nun in response to a telephone inquiry. "Two years ago he ceased being a member of the fraternity. We are all united behind the Holy Father. We pray for him every day."

Mgr Lefebvre, who was believed to be visiting the U.S., founded the movement in 1970 to fight what he once called the "virus of liberalism" spreading in the Roman Catholic Church under Pope Paul VI.

The 75-year-old Archbishop was stripped of priestly duties in 1976 over his continued opposition to church reform. He has denounced the reforms and continues to say Mass in Latin and ordains priests

Bonn shrugs off OECD hints on expansion

BY JAMES BUCHAN IN BONN

THE Bonn Government yesterday reacted sharply to hints from the Organisation of Economic Co-operation and Development (OECD) that it should stimulate the West German economy to increase worldwide economic demand.

In an economic debate in parliament yesterday, Herr Manfred Lahnstein, the new West German Finance Minister, left his feelings about a return to the "locomotive" theory of economic growth in no doubt. The theory was in fashion in the late 1970s and endorsed at the 1979 Bonn economic summit.

"We will have to resist decisively any reintroduction of that old chestnut," Herr Lahnstein told the Bundestag.

He said that Bonn's agreement in 1979 to increase public sector demand by some DM 13bn (£3bn) had disastrous consequences for inflation and unemployment in West Germany.

The communique issued on Tuesday by ministers of the 14-member OECD at their meeting in Paris, though couched in almost impenetrable language, seemed to suggest that some countries like West Germany and Japan — had room to manoeuvre because of their inflation rates and could pursue a more expansionary policy.

This interpretation is being put on the sentence in the communique which reads: "Where the underlying inflation has been significantly reduced, yet domestic demand is weak, the fiscal stance should be assessed with due regard to its likely impact on economic activity without jeopardising medium-term objectives."

But the spelling out of this suggestion at the world economic summit at Versailles next month would be particularly unwelcome at this time.

The coalition government will be grappling to prevent further expansion of the budget deficit for 1982 — a supplementary budget must already be presented — and must agree on the target deficit for 1983.

The Government has already been obliged this week to reopen the question of financing a DM 4bn investment bonus to create jobs.

Military factor vital in Soviet succession

By Anthony Robinson in Moscow

KREMLIN watchers seeking clues to the state of the internecine succession struggle in the Politburo are intrigued by the appearance of Mr Konstantin Chernenko to deliver a message of greetings from the party central committee to a meeting of political commissars of the Soviet armed forces this week.

The meeting—attended by Marshal Dimitry Ustinov, the Defence Minister, Marshal Nikolai Ogarkov, the chief of staff, other leaders from all three branches of the armed services and thousands of political officers—was called to stiffen political vigilance and awareness within the armed forces as the Soviet Union prepared for a new round of arms control talks with the U.S.

Support from the armed forces is thought to be one of the key factors in the eventual choice of a leader to succeed Mr Leonid Brezhnev when he dies or retires. Hitherto, Mr Chernenko has not enjoyed the close links with the military maintained by Mr Brezhnev

Mr Chernenko's rapid rise to prominence over the past five or six years has been principally due to his personal relationship with Mr Brezhnev, for whom he has acted as a kind of superior private secretary. In that position, he has kept close contacts with Brezhnev protegés throughout the party and government and is believed to be the favourite candidate of those whose positions might be at risk if Mr Brezhnev were to give way to another man keen to establish his own power base.

While Mr Brezhnev is able to remain titular head of state and party, however, the principal object of the power struggle within the Kremlin appears to be the coveted post of party secretary responsible for ideology. It became vacant in January when Mr Mikhail Suslov died.

This key position in the Communist system, where ideology matters greatly, is also coveted by Mr Yuri Andropov, the 67-year-old head of the KGB. In effect, he threw his hat into the ring on April 22 when he delivered the keynote speech at a Kremlin meeting to commemorate Lenin's birthday. Many of the military leaders present on that occasion were also there on Tuesday to hear Mr Chernenko.

Whether they were impressed remains an open question. Like TV viewers throughout the nation, they were able to see that, whatever Mr Chernenko's other virtues, those of a good public speaker are not among them. Unlike Mr Andropov—who is tall, looks like an intellectual, and who delivered his Lenin Day speech in a strong, well-modulated voice—Mr Chernenko kept his eyes on the text, stumbled in places and spoke in an expressionless tone.

The photograph of Mr Chernenko addressing the meeting also told its story. It covered half the front page of Krasnaya Zvezda (Red Star), the army newspaper and showed Mr Chernenko—small, with rounded shoulders, slightly slanted eyes and a shock of white hair—surrounded by the flower of the Soviet armed forces.

Many are in their late 40s and 50s, with the intelligent faces of well-educated, professional competent men of a new generation, whose ambitions and desires remain, for now, shrouded in mystery. But strong leadership by a man able to project Soviet power and prestige is almost certainly one of them.

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BASE LENDING RATES

Bank	Rate
A.B.N. Bank	13 %
Allied Irish Bank	13 %
American Express Bk.	13 %
Amro Bank	13 %
Henry Ansbacher	13 %
Arbuthnot Latham	13 %
Associates Cap. Corp.	13 %
Banco de Bilbao	13 %
BCCI	13 %
Bank Hapoalim BM	13 %
Bank Leumi (UK) plc	13 %
Bank of Cyprus	13 %
Bank Street Sec. Ltd.	14 %
Bank of N.S.W.	13 %
Banque Belge Ltd.	13 %
Banque du Rhone et de la Tamise S.A.	13½%
Barclays Bank	13 %
Beneficial Trust Ltd.	14 %
Bremar Holdings Ltd.	14 %
Brit. Bank of Mid. East	13 %
■ Brown Shipley	13 %
Canada Perm't Trust	13½%
Castle Court Trust Ltd.	13½%
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Choulartons	13½%
Citibank Savings	¶12¾%
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C. E. Coates	14 %
Comm Bk of Near East	13 %
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C. Hoare & Co.	†13 %
Hongkong & Shanghai	13 %
Kingsnorth Trust Ltd.	14 %
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Mallinhall Limited	13 %
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East Berlin digs in its heels over Bonn's credit

BY LESLIE COLITT IN BERLIN

Herr Honecker . . . made political demands

EAST AND WEST Germany are locked in a bitter controversy over inter-German trade and humanitarian contacts, issues which ironically are divisive because they bind the two states together.

Less than six weeks remain before West Germany's annual interest free "swing" credit of DM 850m to East Germany runs out. The credit, used by East Germany to overdraw its trade account with West Germany, was extended for a half year at last December's summit meeting between Chancellor Helmut Schmidt and Herr Erich Honecker, the East German President.

West Germans participating at the summit said it was made clear to East Germany that there would be no renewal of the DM 850m credit beyond June 30 unless East Germany saw the "swing" in its "political context."

This meant that Bonn expected East Germany to reduce the amount of currency West Germans and West Berliners must exchange into East German Marks to cross the border. The amount was tripled by East Germany in October, 1980. The number of West Berliners visiting friends and relatives in the East has since fallen by half, striking at the heart of West Germany's policy towards its neighbour.

In recent weeks East Berlin has told Bonn it has no intention of reducing the border exchange fee in order to obtain renewal of the "swing." The credit automatically reverts to DM 200m if no agreement can be reached.

A classic game of bluff appears likely to ensue in coming weeks. East Germany knows that Bonn regards the "swing" as vital to expanding trade with East Germany which West Germany sees as one of the few remaining clasps between the two states.

On the other hand Bonn is aware of the importance East Berlin attaches to the "swing" and the likelihood Western bankers might regard its reduction as a sign of East Germany's lowered creditworthiness. However, Chancellor Schmidt also realises East Germany will not knuckle under to any form of West German pressure.

The East German leadership is facing pressure from another source, its own population, on the border exchange fee for Westerners. Fewer visiting Westerners has meant fewer D-marks can be given to East German friends and relatives which they use to buy Western goods in the East German Intershops.

Contraction forecast in Swiss economy

By David White in Paris

THE SWISS economy is likely to contract by about 1 per cent this year, the Organisation for Economic Co-operation and Development says in its annual report on Switzerland published today.

The OECD secretariat says it pitches its estimate for the decline of the country's gross domestic product in real terms rather higher than the Swiss authorities' own forecast.

It expects a similar drop in total employment, but suggests that the main impact will be felt by seasonal immigrant workers in the construction industry, where fixed investment is seen falling by as much as 4.5 per cent.

However, it predicts a recovery next year with a growth rate of 2 per cent, compared with 1.9 per cent in 1981.

Inflation, after reaching 6.5 per cent last year, is expected to come back down this year to around the 1980 level of 4 per cent and to continue falling to about 2.5 per cent next year, according to the report.

A fall in import volumes is seen bringing a further improvement in the trade balance and consolidating the surplus on the current account of the balance of payments. The OECD says this could reach $3.5 bn this year, compared with $2bn in 1981 and a $540m deficit in 1980.

In view of its relatively strong economic performance, Switzerland is criticised for failing to do more to improve its record on official development aid. Although the country supplies large amounts of private aid, official assistance reached only 0.24 per cent of GDP in 1980, compared with an OECD average of 0.37 per cent.

Stephen Instone, recently in Budapest, reports on the drive for economic efficiency

Strong medicine for Hungary's service sector

CROWDS OF inquisitive Hungarians have recently been gathering in Budapest restaurants: not to eat, but to bid for other restaurants—part of a collection of state-owned cafés, small shops and bars which have come under the hammer for any Hungarian entrepreneurs to buy.

These public auctions were introduced last October by the Hungarian Government to give greater emphasis to the role of the private businessman as a means of instilling more efficiency, particularly in the service sector of the Hungarian economy.

This efficiency drive acquires a new importance with Hungary's entry last week into the International Monetary Fund. One of the men who helped negotiate IMF membership is Professor Mihaly Simai, head of the Institute for World Economics in Budapest. Professor Simai is of the opinion that this trend towards greater "privatisation" is the only medicine strong enough to get the Hungarian economy back on its feet.

"We must increase the flexibility of the Hungarian economy and introduce more incentives," Professor Simai says. "We have been running too egalitarian a wage and salary system." But what sort of people have been buying the new businesses and what are the problems they face?

The case of Mr Ferenc Molnar, proud owner of the Lajostanya Sorozo restaurant in Budapest, is instructive. He bought this restaurant from a state-owned company last autumn for 4.2m forints (£70,000), with a down payment of 2.86m forints and the rest to be paid back to the state over five years.

Mr Molnar had been a professional footballer. Injury forced him out of the game, but under a scheme for footballers briefly run by the State insurance company he got a lump sum in compensation — 600,000 forints, Mr Molnar says. This is a means of amassing capital not open to most Hungarians.

Mr Molnar says it is now up to him to make the restaurant profitable enough to pay back the sum he still owes to the State. "If I cannot pay it back, they will take away all the furniture, plates and dishes, and I do not know what will happen then." But Mr Molnar says he has plans for expansion and had found a similarly entrepreneurial wine company ready to pay for the conversion of an old stock room into a new cellar. "Provided I sell only their wine, I can keep all the profit," he says.

Mr Molnar also gets lenient tax treatment from the state. He explained that the tax on his earnings—between 2 and 3 per cent—and his social security payments are still assessed as if he were in his former job earning only 3,500 forints a month. This means that any profit he now makes over and above that—up to 16,000 forints a month—goes straight into his pocket.

This is only one of many small private businesses sprouting up in the services sector but whether the system of public auctions is an unmitigated blessing is a matter of debate. Some Hungarians complain that the auctions merely favour the rich and not the qualified and worry that the country may be going from one extreme to another.

Eta's gunmen bring Basque N-project to a halt again

BY ROBERT GRAHAM, IN MADRID

ALL WORK on the two-thirds completed Lemoniz nuclear power station near Bilbao was halted indefinitely yesterday. This followed a decision taken jointly by the Spanish Government, the Basque Government and Iberduero, the private utility that owns the $2bn twin 930 MW plant.

About 3,800 workers at the plant will be directly affected. The decision has been forced by the assassination last week of Sr Angel Pascual Mugica, the plant manager, by Eta, the militant Basque separatist organisation. The latter has vowed to prevent Lemoniz from functioning and in February last year kidnapped and murdered Sr Pascual's predecessor, Sr Jose Maria Ryan. As a result of these two assassinations, the 90 technicians have declined to resume work until security improves. Most of them have stayed away from work since the killing of Sr Ryan more than a year ago.

The halt on all work at Lemoniz, 10 miles from Bilbao, will be temporary, the Spanish Government insists. Indeed, neither Madrid nor the Basque regional government can afford to let Eta impose its will. The killing of Sr Pascual last week has been widely regarded as a direct challenge by Eta's hard-line military wing to the Basque administration, which is controlled by the moderate Basque Nationalist Party.

There is no easy solution. It took almost a year's negotiations after Sr Ryan's death to pave the way for what seemed a solution to Lemoniz. The solution involved Iberduero handing over operational control to the Basque government who in turn formed an energy holding company to do this.

Iberduero retained ownership and effectively transferred its personnel necessary to the operating company, while the Madrid Government retained responsibility for safety via the Nuclear Safety Commission.

Before this solution was agreed three months ago, Iberduero said it was ready to act alone and halt all work on the plant. It was this threat which produced the agreement. Now the problem is more complex. Unless technicians can be found to work on the plant—the first unit is due to be operational next year—the project is useless.

There is talk of recruiting foreigners and some discussion has been held with Bechtel to provide such personnel. But this raises the more general question of security in the Basque country. So long as Lemoniz does not work, it is the most dramatic testimony to the power of Eta to dictate through violence.

The Basque government has consistently argued that security in the region will only show a real improvement if they have greater control over the security forces — and better still if they have more of their own Basque forces.

This is a source of friction with Madrid. The Spanish Government conceded the Basques' right to a limited police force so long as it was subordinate to the central Government. However, it is adamant in not conceding a greater say in security matters, despite Basque protests.

Another aspect is the financial position of Iberduero with Lemoniz representing more than a third of its fixed assets, according to bankers, Iberduero, Spain's largest private utility, has the resources to write off the entire Lemoniz investment.

Some 70 per cent of its current generating capacity comes from hydro-electricity in a good rain year—projects already amortised. Iberduero is the best known private borrower with some $1bn worth of foreign and peseta loans currently outstanding.

Iberduero is unlikely to do this and it now seems that there is growing pressure for state ownership of Lemoniz. Until now, this step has been resisted because of the precedent it would create in an industry of which the state only controls 20 per cent.

Finally, there is the problem of energy supplies. The Basque country is short of energy and Lemoniz has been regarded by the Basque administration as a means of attaining a measure of self-sufficiency. But in the long run this self-sufficiency is notional within the context of the national grid.

The demise of Lemoniz would almost certainly produce a shortfall in generating capacity with consequent serious effects on electricity supplies nationwide. It would also have permitted a capitulation to the anti-nuclear lobby in a country still over 60 per cent dependent upon imported energy.

Key Greek talks open with Haig

BY VICTOR WALKER IN ATHENS

A THREE-STAGE set of talks beginning in Athens this weekend is expected to indicate whether the "all quiet" on Greece's western front represents only an armistice or is a prelude to a peace treaty.

Mr Alexander Haig, the U.S. Secretary of State, is expected in Athens tomorrow for a 24-hour visit after talks with Turkish leaders in Ankara. He will be the first senior member of the U.S. Administration to visit Greece since the general election victory of Dr Andreas Papandreou's Panhellenic Socialist Movement last October.

Mr Haig is to be followed early next month by General Bernard Rogers, the Nato Supreme Commander, and about a week later Dr Papandreou is to have his first meeting with President Reagan at the Nato summit in Bonn.

The three-phase discussions will include Greece's relationship with the alliance and the future of U.S. military bases in this country.

After their landslide electoral victory last year, some Pasok members had expected to direct course towards non-alignment, which had seemed to be promised by such popular campaign slogans as "Greece Out of Nato" and "Close the Bases of Death."

But even before the election, Pasok had gradually softened its stand on both issues.

It still wants some form of Nato or U.S. guarantee of Greece's Aegean borders against possible Turkish aggression, but its position in other respects was summarised this week by Dr Papandreou during an official visit to Algeria. He said that while Greece was still against large blocs, "consideration has to be given to strategic realities and balance of power problems in conjunction with our special national problems and defence requirements."

It is believed Greece would accept a guarantee couched in general terms without specific reference to Turkey.

As for the bases, the Government wants nuclear warheads removed as part of a general Balkan denuclearisation, and a more effective control of operations to prevent any activities that could harm Greece's interests.

But Dr Papandreou has neither followed through on his election promise to re-open Parliamentary debate on the "Rogers Agreement" nor pressed for negotiations on the bases.

The Rogers Agreement, negotiated two years ago between the Nato Supreme Commander and the previous Conservative Government, provided the formula under which Greece returned to the Nato Unified Military Command in October 1980.

Pasok objected that the agreement failed to restore the command control situation in the Aegean existing until 1974 but subsequently amended in Turkey's favour to fill the vacuum created by Greece's withdrawal from the alliance. Instead, the agreement left these responsibilities for settlement later. The absence of any progress on the command issue has made it the principal dispute between the two countries within the alliance.

Race reform bid prompts uproar in South Africa

BY J. D. F. JONES IN JOHANNESBURG

SOUTH AFRICA has been *plunged into political uproar by* the dramatic proposals for constitutional reform prematurely *released by the* President's Council this week.

The recommendations, which include a very *strong* executive presidency and the admission of the Coloured and Indian *minority into the* (at present White only) legislature and executive—are being described here with *only* slight exaggeration as the most important since the Act of Union more than 70 years ago.

By and large, politicians—including Mr P. W. Botha, the *Prime Minister*, and his National Party Cabinet—are reacting cautiously, since the Constitu*tional recommendations*, which include a separate study of local and regional government, are *so complex that* they clearly deserve thorough analysis and debate.

Mr P. W. Botha

Dr F. van Zyl Slabbert, leader of the official Progressive Federal Party (PFP) opposition, *merely warned yesterday against* "almost dictatorial powers" for the President, and emphasised that his party *would not* go along with any process that increases polarisation between Whites and Blacks.

The President's Council's recommendations do not significantly affect the role or the rights of the 20m black majority.

Dr Andries Treurnicht, leader of the new right-wing breakaway Conservative Party, dismissed the constitutional proposals out of hand, describing them as "integration from top to bottom . . . it is nothing other than Prog (ie, PFP) policy."

The right-wing Herstigte Nasionale Party has also anathematised the proposals.

The *right-wing response was* to be expected, but the Prime Minister will be anxiously *assessing the white political* response, since he has talked of consulting the electorate by means *of a referendum*.

A national meeting of the National Party's Parliamentary and Provincial caucuses has been summoned for June 5, where Mr Botha is expected to reveal where he stands.

Meanwhile, the right wing will be intensifying pressure on conservative National Party MPs and members to cross the floor.

Editorial comment, Page 24

Zaire renounces U.S. aid

KINSHASA—The Zaire Government has officially renounced all U.S. aid, the country's official news agency Azap said yesterday.

The agency's report followed a decision by the U.S. Congress to reduce the amount of aid in the wake of what Azap called "U.S. allegations that aid was being embezzled."

Overall U.S. aid to Zaire is said to have amounted to well over $100m (£55m) a year in the past few years.

Azap said President Mobutu Sese Seko was convening a special Cabinet meeting today to review the implications of what it called the "deterioration of U.S.-Zairean relations caused by the unfriendly attitudes of certain American officials."

It said the decision to renounce U.S. aid was being notified to the U.S. chargé d'affaires in Kinshasa at the earliest opportunity.

Reuter

Gulf states to meet on Iraqi reverses

By James Dorsey in Kuwait

FOREIGN *MINISTERS* of the six-nation Gulf Co-operation Council (GCC) have scheduled an emergency meeting in Kuwait for tomorrow amid growing apprehension in the Gulf over Iraqi reverses in its 20-month-old war with Iran.

Kuwait's Foreign Ministry announced that the Ministers of Saudi Arabia, Kuwait, the UAE, Bahrain, Qatar and Oman will discuss "developments of an urgent nature."

Foreign Ministry officials privately expressed concern *about Iraq's apparent inability* to bring Iran's military offensive to a standstill.

***The* emergency *Foreign* Ministers' meeting follows a recent flurry of diplomatic activity *in the Gulf* concerning the war.**

Following a visit to Kuwait in April, *the UAE President*, Sheikh Zayed bin Sultan al Nahayan, last week launched his own peace *initiative*.

This was immediately discussed at an informal meeting in Saudi Arabia attended by King Khaled, Sheikh Zayed, Sheikh Issa bin Salman al Khalifa, the Bahraini ruler, and Kuwait's Foreign Minister, Sheikh Sabah al Ahmad.

The emergency meeting also coincides with reports that Iraq is about to ask GCC member-states for renewed financial support.

Iraqi leaders have repeatedly said in recent weeks *that they intend to ask the* oil-rich Gulf states for a new financial injection.

Saudi *Arabia*, *Kuwait*, the UAE and Qatar are believed to have funded Iraq to the tune of $24bn (£13.3bn) in interest-free loans since the beginning *of the* Gulf War.

In addition to their fears about developments in the Gulf War, the Foreign Ministers are further expected to review possibilities of easing Egypt back into the mainstream of Arab politics.

Reuter adds: Military commanders in Iran said that Iranian naval ships had destroyed an Iraqi warship on Wednesday night, Tehran Radio reported yesterday. The ship was reported in Iraqi waters when it was hit by missiles.

Israel seeks EEC block to Arab boycott

BY DAVID LENNON IN TEL AVIV

ISRAEL IS putting pressure on the Common Market to legislate against compliance by member countries with the Arab boycott of trade with Israel. The issue was discussed yesterday during a meeting in Jerusalem of Mr Yitzhak Shamir, the Foreign Minister, and Mr Emilio Colombo, his visiting Italian counterpart.

Officials here said that there is already support for such an idea from Britain, France and Denmark, with which Israel has already begun discussions on legislation to counter the boycott.

Mr Shamir pointed out to Mr Colombo that a number of countries—including the U.S., Canada and France—have made it illegal for companies to submit to Arab demands and pressures not to trade with Israel.

After the meeting, Israeli officials said that the Italian Minister had promised to investigate the possibilities of similar legislation in Italy, and that he had expressed interest in the proposals for joint EEC legislation.

Agreement was reached yesterday on the reactivation of a moribund joint commission to deal with bilateral economic issues, exchanges of scientific information and co-operation on joint technological projects.

Mr Colombo and Mr Shamir also discussed their respective worries about the impact of Spanish accession to the EEC on their trade within; and with, the Common Market.

● Mr Menahem Begin, the Israeli Prime Minister, yesterday briefed the Parliamentary Foreign Affairs and Defence Committee on the situation along the northern border and the dangers of a total breakdown of the cease-fire which went into effect in July last year.

There is a strong lobby in the Cabinet for a big Israeli strike against the Palestinian guerrillas in Lebanon, following cross-border shelling by the latter on Sunday.

Following the briefing, opposition politicians spoke about the need for restraint. Mr Shimon Peres, the leader of the Labour Party, said: "a supreme effort should be made by all the parties to respect the ceasefire.

Mr Haim Barlev, another Labour politician and a former chief of staff, said: "the Israeli reactions to terrorist attacks should be proportionate. Not every single act of terror justifies an Israeli reaction that might deteriorate into a full-scale war."

UAE rejects tighter control over foreign banks

BY OUR DUBAI CORRESPONDENT

*CALLS FOR tighter Govern*ment control over foreign banks in the United Arab Emirates were *rejected by Sheikh Ham*dan bin Rashid, Minister of Finance and Industry, during a meeting of the Federal Council this week.

Six council deputies had urged that there should be further curbs on foreign banking activities. The central bank took the first big step towards *reducing the influence* of foreign banks when it limited last year the number of *branches each could have in the* UAE to eight.

Deputy Khalid Mohammed pressed the *government to fol*low Saudi Arabia's example and transfer control of foreign banks to local hands. Foreign banks were "Saudi-ised" in 1980, following a directive that 60 per cent of all bank shares must be locally *owned*.

Another member of the council argued that, although the *authorities' policy was* to encourage local banks, the foreign banks still managed to win the *lion's share of the* banking business. Greater control was needed over the foreign banks.

The Minister of Finance replied that the government would not interfere in the running of foreign banks any further than necessary. *Unlike* neighbouring states, the UAE consisted of seven emirates, each with its own financial structure.

The UAE maintained an open economy and the government wanted that to continue. The Minister added that foreign banks had adhered to the rules and regulations laid down by the central bank, and there was no evidence that any of them was *working against* the national interest.

Sheikh Hamdan recalled that *in 1970, there were 16 banks in* the UAE, *of which* only two were locally-owned. There were *now 21 nationally-owned* banks and 28 from abroad.

At the end of last year, the *Minister said*, local banks operated 83 branches, foreign banks 139. No new licences were being granted to foreign banks.

Charles Smith, in Tokyo, reports on a striking shift in demand in the domestic car market

Mazda and Honda challenge Japan's giants

JAPAN'S MOTOR industry passed a milestone in April when a car that was manufactured by neither Toyota nor Nissan (two giants that dominate the industry) became the nations' best-selling model for the first time.

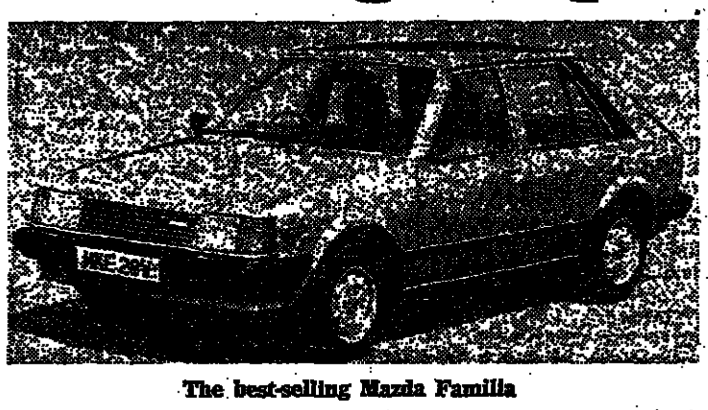
The car is the Mazda Familia (known in Europe, where it has been outselling most other Japanese cars for the past 18 months, as the Mazda 323). The Familia just managed to edge past Toyota's traditionally top selling Corolla with 20,759 registrations, an increase of 17.8 per cent on the April 1981 figure.

Since Toyota claims a 29 per cent share of the Japanese domestic motor market, against Mazda's 8 per cent, it is an impressive achievement. However, the Familia's success underlines what seems to be a fairly general *trend in the Japanese* motor industry today: the tendency for exciting and novel ideas to come mainly from smaller companies.

A car whose sales performance has been almost as spectacular as that of the Familia, and which could yet outdo it, is the Honda City. Shorter in length and stubby, but unusually tall, this 1.2-litre model was launched in November 1981 and achieved 10,377 registrations in April, with orders *reportedly outrunning* Honda's ability to produce by 20 per cent to 30 per cent.

The City *and* the *1.3 litre* to 1.5 litre Familia compete in different sections of the Japanese domestic market but have several important characteristics in common. Both are front-wheel drive hatchbacks, whereas the Corolla uses the rear-wheel drive sedan formula which first became popular in Japan in the mid-1960s.

Of perhaps even greater importance, both cars have been aimed at the youth market *(although the two companies'* definitions of what they mean by "youth" seem to vary *slightly*). Sixty-five per cent of this year's Familia buyers are aged 29 or under, according to Mazda, while City buyers are



The best-selling Mazda Familia

even younger. Honda's publicity build-up of the City as a *car for young people included* the use *of* two pop groups, Madness and the Beach Boys in *its television advertising*.

Apart from their deliberately youthful image, the City and the Familia both lay claim to outstandingly low consumption of fuel.

A further point in common is the absence of frills.

The success *of the Familia* and the prospects for an equally impressive sales performance by the City (the production capacity of which will rise in August from the present maximum level of 11,500, to 15,000 models per month) is provoking what could be a fairly formidable counter-attack from the motor industry's giants.

Toyo Kogyo, the company *which owns the Mazda brand* name, says that Toyota switched its main sales promotion effort *to the cheapest version of the* Corolla from April onwards. As a result, Corolla registrations just edged back into first place

Of greater importance is the fact that the two industry giants are now—somewhat belatedly—making the switch from rear-wheel to front-wheel drive. The Nissan Sunny was converted to front-wheel drive last October and, as a result, scored a 23.5 per cent gain in registrations in April 1982 over the same month a year earlier. Toyota is rumoured to be preparing a front-wheel drive version of the Corolla for 1983.

Neither Toyo Kogyo nor Honda are sure how long they will be able to hold off the challenge from the industry's leaders, but Honda at least still has one important card to play. The City is so far being sold only on the Japanese domestic market. Sooner or later it is bound to be exported. When this happens it may well become one of the most impres*sive performers on the* European market.

Italy's Acclaim challenge, *Page 6*

THE FALKLANDS CRISIS

Hardliners wait as Galtieri walks political tightrope

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE ROUGH treatment meted out to journalists in the past *two days* in Buenos Aires, coming as it does after a whole series of threats and imprison*ment of foreign newsmen over* the past month, has drawn attention to the character of the Argentine Government and how it works.

The seizure, assault and robbery of Christopher Jones of the New York Metro-Media television channel on Tuesday, and the subsequent act of dumping him naked in a Buenos Aires street, are being seen as the work of some organs of the government—mainly because no common criminals with any pretentions to competence would seize a foreign journalist within 100 yards of the Palacio San Martin, the seat of the Argentine Foreign Minister, and one of the best-guarded buildings in the city.

The seizure of three British journalists from Thames Television on Wednesday in the same spot, and with the same results, appeared to confirm the nature of the attacks.

This operation also coincided with the official expulsion of two Norwegians and one U.S. journalist, the harassment, in the presence of the Brazilian Ambassador, of a reporter from the Sao Paulo daily Gazeta Mercantila, and various other acts of intimidation against the international Press.

The subsequent disclaimer by the Interior Ministry and the ostensibly cordial encounter yesterday between the three British television men and Gen Galtieri and Gen Alfredo St. Jean, the Interior Minister, may therefore be looked on as one of the more bizarre political ironies in this Machiavellian city.

The seizure and ill-treatment of the foreign journalists, and the official apologies, suggests that the Argentine Government, more than most others, contains elements which are mutually hostile and prepared to act drastically on their own initiative even if this creates widespread embarrassment for Government leaders.

The common foreign view, that Argentina is ruled with a rod of iron by Gen. Galtieri, a military dictator who wreaks *his will like a latter-day Franco* on a crowded population and obedient military machine, is a serious misapprehension.

Three British TV crewmen *released by armed kidnappers* were told by Argentina's President Leopoldo Galtieri yesterday that Argentina was willing to reach a peaceful solution to the Falklands crisis, Reuter reports from Buenos Aires.

"We can sit down and talk as long as it does not take another 149 years," the President told the Britons. "Argentina wants to reach a non-military solution to the problem," he added. But if Britain stepped up its military action, Argentina was "prepared to answer back."

In fact, Gen. Galtieri has to maintain a precarious political balance among the most collegiate leadership of the senior officers of the three armed forces.

He *has to play off* a navy led by a hawkish admiral, Jorge Anaya, whose forces have borne *the brunt of what naval and air* combat there has already been, against a more dovish air force *commanded by Brig Basilio* Lami Dozo, who has yet to decide the moment to commit his forces to battle.

Each of these services is divided into various schools of *thought*. The army is also divided, as the ousting of the populistically - inclined Gen *Roberto Viola by the more* authoritarian Galtieri last December illustrates.

Although *many of these* political differences have been laid aside in the operation to seize *and attempt to keep hold of the* Falkland Islands, they remain latent.

Hawkish and dovish officers are in constant contact with their civilian counterparts, and all command enough influence, men and firepower to carry out their own independent political operation.

Despite accusations recently that British intelligence is to be blamed for the kidnappings, this week's drive on the journalists was almost certainly carried out by intransigent hardliners.

These hardliners want to sharpen the confrontation with the U.S. and Europe and sabotage negotiations on the future *of the Falklands* at their most delicate and vulnerable stage.

They also want to give a warning to Gen Galtieri and Sr Nicanor Costa Mendez, his Foreign Minister—*after the subtle shift* towards flexibility in the Argentine negotiating position registered at the week*end—that the present leader*ship is in danger of being regarded by the ultra-nationalists as "soft on Thatcher."

In a city of rumour, speculation abounds on who might succeed Gen Galtieri, and Gen St Jean is the man most widely tipped. But the navy, which has always coveted the presidency and whose stock has never been higher in the nation at large, would also have its condidate for the headship of the state.

This could perhaps be retired Admiral Amelio Massera, a former navy commander-in-chief, who waged a ferocious war against the Government's opponents in the mid-1970s and is now portrayed as a Social Democrat.

Outside the *immediate* Government circle, other political forces are on the alert to take advantage of *any political* error committed by Galtieri.

At a rally on Wednesday night, the first in three years, the Peronists fired their first big salvo across Galtieri's bow.

Sr Angel Robledo, a former Peronist Defence, Interior and Foreign Minister, shouted: "I am sure of the success of the diplomatic battle as long as the Government is reminded of its limits, beyond which death with glory is preferable."

Peronism still represents the most potent political force in the country, though it is still as ever, intellectually incoherent and deeply split.

It is a potentially formidable adversary for Gen Galtieri, particularly if it manages to forge links with populist-minded officers in the army.

Less openly and no less effectively, the orthodox political parties, loosely linked with the Peronists in a confederation which is effectively led by the Radicals—a middle-of-the-road-lower-middleclass part—are also seeking to take advantage of any false step by Gen Galtieri.

Gen Galtieri is thus walking on a political tightrope. He has many military and political rivals who are heartily hoping that he will be lown down by the political and economic winds whipping through this embattled city.

President Galtieri of Argentina meets the British television crewmen who were kidnapped and released on Wednesday. The President offered police protection to foreign journalists who are in Buenos Aires to cover the conflict

Britain holds suspect officer

BY DAVID TONGE

BRITAIN is to continue holding Capt. Alfredo Astiz, the commanding officer of the Argentine troops captured on South George on April 25, but has freed the other 188 prisoners taken then.

***The* Foreign Office said yesterday that it had decided to hold Capt. Astiz "for a few *days" following* formal requests by the Swedish and French Governments to *interview him. The Swedish* Government wishes to question him in connection with his alleged *role in the shooting* of an 18-year-old Argentine-Swedish woman. France *wants to ask him about* the case of two French nuns who disappeared in Argentina in *1977*.**

Capt. Astiz was head of a "training department" of the Argentine security forces, which became notorious for *its handling of opponents of* the régime.

The requests put Britain in a dilemma as, under the *Geneva Conventions on treat*ment of prisoners, those detained only have to give *their name and service* number. Britain would like to help two governments it *considers friendly, but* Mrs Margaret Thatcher, the Prime Minister, insisted yesterday *that Britain would respect the* conventions.

A Foreign Office spokesman stressed *that the other 188* prisoners were being given more favourable treatment *than the conventions* required, Britain being under no obligations to repatriate prisoners until hostilities had ended.

The other prisoners taken when Britain recaptured the South Atlantic dependency of South Georgia—149 military men and 39 civilians—were handed over to the International Red Cross on Ascension Island, Britain's main staging post for its South Atlantic task force.

They were then flown to Montevideo, the Uruguayan *capital, where they boarded a* ship bound for neighbouring Argentina. The civilians in*cluded some of the* scrap merchants whose landing at Grytviken, South Georgia, *was the immediate trigger of* the present crisis.

Third World plans Gatt move on trade sanctions

BY BRIJ KHINDARIA IN GENEVA

DEVELOPING NATIONS plan later this year to seek amendments to Article 21 of the General Agreement on Tariffs and Trade (Gatt). The Article provides the legal justification for the trade sanctions taken against Argentina by the EEC, Canada, Australia and the U.S.

The main provision at issue is the one saying a Gatt signatory can take "any action which it considers necessary for the protection of its essential security interests."

The move comes as a result of the diplomatic campaign Argentina has been waging in Geneva *against the EEC's trade* sanctions.

Although a halt to weapons *supply for Argentina by indus*trialised nations is generally regarded as justified, an increasing number of developing countries are taking the view that the EEC's rapid imposition of trade sanctions is an over-reaction.

The aim of the amendment to Article 21 would be to ensure that countries not involved directly with wars do not take sanctions without properly explaining the threat to their own security.

The accepted interpretation of Article 21 so far has been that it can be invoked by countries at war or in response to a United Nations call for sanctions. But membership of a trade group, one of whose signatories is at war, is not considered adequate reason for invoking Article 21.

It is also noted by developing countries that Article 21 states that action should affect only trade in nuclear materials, weapons or other goods "directly or indirectly for the purpose of supplying a military establishment."

Argentina has been arguing—and has found sympathy for its case—that trade sanctions so far announced cut $2bn (£1.1bn) worth of exports, hurting ordinary people rather more than its military preparedness.

But this feeling that the EEC has interpreted Article 21 too loosely does not necessarily re*flect sympathy for Argentina's* case over the Falklands.

Rather, there is fear that the *EEC has set a precedent by* acting as a bloc to take punitive action, through trade measures.

Moreover, the argument is increasingly being heard, as an *echo of Argentina's case*, that the EEC has shown much greater unity on imposing sanctions against a weak developing country than it has shown in acting against the Soviet Union during international crises like the occupation of Afghanistan.

While these different strands of feeling are dividends for Argentina's diplomatic campaign, there is another side.

This has emerged in resentment that Argentina, which has boasted of its industrial prowess and focused its diplomatic attention on the Western world, should now seek support for its case in the name of Third World solidarity.

Argentina's cereal trade faces serious disruption

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA'S crucial cereal trade is facing the prospect of paralysis as a result of the *Falklands crisis*.

Sr Pedro Garcia Oliver, president of the Association of *Cereal Exporters which* represent Argentina's leading traders, warned yesterday that cereal shipments were being seriously affected by the decision of Lloyd's of London to cancel *certain insurance policies*, and by the postponement of all further contracts by the Soviet Union, *Argentina's main trading* partner.

In statements published by the mass circulation Clarin, Sr Oliver stressed the grave damage that a disruption of Argentina's cereal trade could have on the country's balance of payments: "The problems of Argentina's foreign debt are largely dependent on the revenue from her cereal exports."

In 1981, the value of Argentina's cereal exports was approximately $3.3bn over one-third of total exports.

Lloyd's recently announced that, beginning on May 24, it would cancel policies which apply to ships damaged within the exclusion zone controlled by Britain. The zone was extended to within 12 miles of the Argentine mainland on May 6.

The Task Force's *threat* applies only to Argentine ships. However, most traders in Buenos Aires now recognise that all shipping, regardless of nationality, is now running a risk in attempting to approach and leave the Argentine mainland.

The Soviet Union, which uses its own ships for fuel transport to and from Argentina, had responded to the danger by postponing all new cereal contracts with Argentina.

Sales secured so far cover only an estimated 6.5m tonnes of the 15m tonnes Argentina was hoping to sell to the Soviet *Union in 1982*.

Sr Oliver's statement yesterday was the first public admis*sion by Argentina's main* traders that they were facing serious difficulties.

Sr Guillero *Carracedo*, vice-president of the Association of Cereal Exporters, confirmed the "*virtual non-existence*" *of new* sales, and that no further shipping was scheduled beyond *the first fortnight in June*.

Argentina had exported 2.7m tonnes of cereals in April and *900,000 tonnes in the first two* weeks *of May. Ships* are also continuing to enter and leave Argentine ports.

But cereals exported from Argentina since troops invaded the Falklands on April 2 were committed in contracts signed on the futures market months ago and do not reflect any new sales.

According to trade analysts, the contracts signed so far this year represent only about 50 per cent of Argentina's cereal *export potential, and leaves a* potentially severe shortfall, with severe consequences for the country's balance of trade.

هكذا من الأصل

Senate calls for Reagan to revitalise Nato

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. Senate yesterday overwhelmingly backed a resolution calling on President Ronald Reagan to launch a *major initiative* to revitalise Nato at next month's alliance summit in Bonn.

The 87 to one vote was a further indication of mounting concern in Congress over the state of the alliance.

This coincided with a report to the armed services committee by Senator Sam Nunn of Georgia entitled: Nato: Can the Alliance be saved?

The Senate resolution said that Mr Reagan should urge the allies to redouble their *efforts to:*

● Pool their defence efforts and resources so as to strengthen conventional forces.

● Establish a "co-operative defence-industrial *effort*" *that* would cut costs by providing a larger production base and eliminate unnecessary duplication.

● Share more equitably and efficiently the financial burdens as well as the economic benefits, including jobs, technology and trade, of Nato defence.

Senator Bill Roth, the resolution's main sponsor, called *for* a round of *high-level* negotiations between Nato governments to establish a common military industrial base that would help to standardise weapons and cut costs.

He said the negotiations should do for defence what the Tokyo Round did for trade, with the cost of weapons systems *increasing so fast that* governments had to agree on what weapons they needed in common to create an "arsenal of democracy," he said.

Senator Roth: arsenal of democracy

Mr Nunn's report said that the alliance needed major repair, militarily, politically and economically. This required a level of political consensus "that Nato unfortunately does not enjoy today."

"Politically, the alliance is in disarray over a host of issues—a disarray evident in bickering among the allies and in a lack of unified responses to Soviet international behaviour. Charges and counter-charges are frequently hurled across the Atlantic," the report said.

Mr Nunn called for a strengthening of Western conventional *forces that would allow* a mutual East-West withdrawal of several thousand battlefield nuclear weapons from Central Europe *and* serious consideration of a mutual commitment to the non-first-use of nuclear weapons.

Nato should also agree to use Western financial leverage, such as credits and taxes, to influence Soviet behaviour, he said.

Canadian Ministers deny shift in policies

By Victor Mackie in Ottawa

THE CANADIAN Federal Cabinet Ministers attempted to counter suggestions that the *Government is shifting its* emphasis from fighting inflation to countering unemployment, in a heated house of Commons debate on Wednesday night.

The suggestions that Ottawa might seriously be considering changes to its economic policies—changes that would lower interest rates but also drive the dollar down—sent a shock wave through the financial community.

But Mr Jean-Luc Pepin, acting Prime Minister during Mr Pierre Trudeau's absence at the funeral of racing driver Gilles Villeneuve, read a statement from Mr Allan MacEachen, the Minister of Finance, that "no devaluation of the dollar is being contemplated."

In response to Opposition questioning, Mr Pepin and Mr Pierre Bussieres, Minister of State *for* Finance, also "*categorically*" denied that the Government was considering imposing foreign exchange controls and said there was no question of imposing wage and price controls.

Bid for World Bank fund to by-pass U.S.

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN HELSINKI

A FUND to channel aid to the Third World was proposed yesterday in response to the U.S. failure to pay its full contribution to the World Bank's soft loan arm, the International Development Association (IDA).

The proposal was made by French delegates at the International Monetary Fund and World Bank Conference in Helsinki, after Mr Tom Clausen, the bank's managing director, told its development committee that the IDA faced a funding crisis.

This stems from a refusal by *the U.S. Congress to* authorise payment of the full $3.24bn (£1.77bn) the U.S. was due to contribute to the agency in the three years 1981-83. The U.S. is expected to defer payment of more than $1bn of the contribution for at least a year.

By international agreement, the U.S. contribution represents 27 per cent of the total funding of the IDA. Many other countries have seemed likely to reduce their contributions in proportion.

The French have proposed that a special fund, *administered by the World* Bank, should be set up parallel to the present IDA and for broadly the same purpose.

Countries would pay into this new fund the difference between the contributions they originally agreed and the reduced contributions resulting from the U.S. action.

One of the main points of the arrangement would be that only those countries *which contributed to the* special fund would be eligible to bid for contracts in the appropriate aid programmes. U.S. industry would therefore *be excluded from a* substantial slice of Third World developments. It is hoped that the exclusion might generate political pressure within the U.S. for previous levels of aid to be restored.

M. Philippe Jorgensen, deputy director of the French Treasury, said the special fund could help tide the IDA over in 1984, if the next round of contributions were delayed until the next year. He said World Bank officials were now studying the French plan and would prepare detailed proposals to put to other nations about a month from now.

He hoped the special fund might attract contributions of perhaps $1bn to $2bn in 1984. The IDA's annual disbursements are about $3bn.

Mr Clausen told the World Bank's development committee that there was an urgent task to activate the next round of IDA funding by 1984. However, he said: "In the midst of the crisis today, it is perhaps too easy to overlook the fact that the donor countries have also been hit by adverse economic conditions."

Hungary hopes to increase borrowings from West

BY OUR ECONIMICS CORRESPONDENT IN HELSINKI

HUNGARY IS hoping that its formal admission to the International Monetary Fund in Helsinki this week will enable it to make a substantial increase to its borrowings from the West, now standing at about $8bn (£4.4bn).

Mr Janos Fekete, deputy governor of the National Bank of Hungary, said yesterday he believed membership of the fund and its economic surveillance would increase his country's credit worthiness in the international capital markets. He hoped it would also bolster the confidence of other central banks.

However, Mr Fekete said there were no immediate plans to make an application to the IMF for a loan.

"When you have just been admitted to a club the first thing to do is to wipe your shoes. You don't immediately put ourt your hand for a loan," he said.

The quota allocated to Hun*gary by the IMF* is SDR 375m (£232.5m).

Because of the shadow cast by the difficulties of rescheduling Polish and Romanian debt and the troubles in Poland, the flow of Western loans to Hungary has dried up recently.

The Hungarians are clearly hoping that membership of the fund will underline the difference between their economic policies and those of some of their Comecon neighbours. In particular, the country hopes that the Hungarian emphasis on financial discipline and market mechanisms will be emphasised.

Fund officials suggested yesterday that a "relatively small" IMF loan might be negotiated with Hungary *fairly* soon "to emphasise that it has now joined the family."

Quite strict conditions would be attached to such a loan, as is the usual *practice of the IMF*, and this would be the means by which it would be hoped to attract additional lending from the commercial or central banks."

Mr Fekete would not be drawn on any details but said: "We will borrow as much as they will lend—on the right terms of course."

He fully agreed with the recent IMF assessment of the Hungarian economy, including *the more critical passages in the* report. "I could have signed *it myself*," he said.

At a Press conference following the conclusion of the IMF's interim committee meeting, Mr Jaques de Larosiere, manag*ing director of the fund*, said there had been agreement among all participants about the general thrust of countries' economic policies.

There was a common view among the less developed countries as well as industrial powers that "we have got to get rid of this stagflation phenomenon if we are to get growth on a sustained basis."

There had been discussions about the correct balance of fiscal and monetary policies needed for this, but he added: "*We all want interest rates to* go down, but no one has proposed that to achieve lower interest rates there should be a relaxation of monetary policies."

In spite of suggestions before the Helsinki meeting that some hard line countries led by the U.S. might seek to curb the fund's lending activities, the interim committee clearly endorsed its present course.

U.S. El Salvador policy supported in Congress

BY ANATOLE KALETSKY IN WASHINGTON

THE Reagan Administration's Central American policy has *won Congressional support in a* series of votes this week in the House of Representatives Foreign Affairs Committee.

The committee has overwhelmingly approved the president's request for $60m (£32.79m) of military aid to El Salvador for 1983, despite vehement opposition from liberal members of Congress, who had seemed to be in a powerful position on the committee until recently.

Earlier in the week, a House sub-committee had amended the Administration's request for $350m for the so-called Caribbean Basin Initiative, by requiring that no one country should receive more than $75m.

The Administration had intended $128m of the Caribbean money to go to El Salvador. But, after its victory over military aid to El Salvador, the *State Department is confident* of having the Caribbean Basin amendment reversed in future votes in House and Senate committees.

*The sharp switch in congres*sional opinion on Central American policy comes despite repeated claims from Nicaragua that the U.S. is deliberately stalling on negotiations to improve relations between the two countries, and is continuing to foment internal unrest in Nicaragua.

The main reason for the change in public opinion, reflected in Congress, appears to have been the success of the elections in El Salvador. Liberal Congress members who were trying to cut the sum requested by the Administration for military aid, on the grounds that the elections in El Salvador had led to victory for a coalition *of parties on the extreme Right*, were told by Representative Toby Roth, a Republican from Wisconsin: "What we'd be saying is that, if the people don't elect a left-leaning government, then we shouldn't recognise them."

Guatemala siege awaits envoys

GUATEMALA CITY — Militants who took over the Brazilian embassy, and seized the ambassador and six other people, were expected yesterday to hold *their* captives until three envoys arrived from Brazil later in the day to negotiate a solution.

The *military régime* ruled out any other mediation attempts after the take-over on Wednesday. It rejected the protesters' demands, which included a negotiating commission of diplomats and *Guatemalan civilians*.

The militants said they were protesting against repression by the Guatemalan government. There was no violence after the take-over.

Reports indicated that the hostages weer being treated well. One female embassy employee was released after suffering a nervous attack, officials said.

A statement dropped by the 20 or so militants from a window referred to "massacres, torture, rape and burning of crops and ranches" by government security forces

AP

Rise in Kennedy popularity

SENATOR EDWARD KENNEDY would defeat President Ronald Reagan by 51 to 45 per cent if a Presidential election were held now, according to a Gallup Poll published in the U.S. yesterday, writes our U.S. editor in Washington.

Mr Walter Mondale, the former Democratic Vice-President, would run even with Mr Reagan.

The poll was the first to show a clear margin of public disapproval of Mr Reagan's handling of the Presidency, with 43 per cent approving and 47 per cent disapproving. Last October, when a big majority approved of Mr Reagan, he led Senator Kennedy by 56 to 35 per cent.

Peso curb ruled out

MEXICO CITY—President José Lopez Portillo of Mexico, has ruled out currency controls, despite what he said was an unpatriotic rush to exchange pesos for dollars.

Speaking to reporters, Sr Lopez said his estimation of the real value of the peso was about 40 to the dollar, instead of the current exchange rate of 46.

Reuter

Science illiteracy fear

BY OUR WASHINGTON CORRESPONDENT

EDUCATION IN science and mathematics has reached such a "deplorable state" in the U.S. that the nation's military and economic security is threatened, President Ronald Reagan said this week.

His statement was made in a written message to a conference on education organised by the National Academy of Sciences.

Mr Frank Press, the academy's president, said there was a danger of "raising a new generation of Americans that is scientifically illiterate."

Mr Caspar Weinberger, Defence Secretary, echoed this *concern in person and suggested* that the military establishment could find it difficult to keep up with the Soviet Union because of a growing shortage of scientists and engineers.

Mr Terrel Bell, the Secretary of Education, told the conference that the preoccupation with equality had led to a sacrifice of excellence in education.

He said that state and local education authorities should consider establishing specialised science secondary schools, increasing science requirements in all schools and introducing differential pay scales which would pay science and mathematics teachers—who are in short supply—more than techers in surplus subjects.

WORLD TRADE NEWS

Italy challenges Acclaim's origin

BY PAUL CHEESERIGHT AND JOHN GRIFFITHS

THE ITALIAN authorities have demanded further detailed documentation about the origin of the Triumph Acclaim car, made by BL under licence from Honda of Japan.

The demand carries the implicit threat that the Acclaim will face further difficulties in entering Italy unless the documentation is provided. Last month Acclaims were held up at the Italian border, setting off a sharp diplomatic exchange between London and Rome.

BL is considering the demand, but yesterday denied reports that it has been presented with a deadline of the end of this month by which to comply.

It is believed in London that the Italian authorities are blatantly using bureaucratic procedures to make BL sales in Italy difficult, on the grounds that the Acclaim is a Japanese not a British car.

Entry delays during April were ostensibly caused by tax irregularities attributed to Leyland Italia, BL's Italian sales company.

These problems were resolved and the Acclaims were released, following pressure from both the UK Government and the European Commission.

The Italian authorities are then said to have demanded from BL certificates of origin for the Acclaim. Such certificates, issued by the Birmingham Chamber of Commerce, were reluctantly supplied.

BL said yesterday that the EEC certificate of origin documentation it was now being asked to complete in fact required less detail than that furnished in the Chamber of Commerce document.

Even so, it may well feel that to comply with the latest Italian move could drag it into a series of escalating demands.

On that basis, it is likely to refuse and await the consequences.

The request for new documentation is therefore seen as a new step in the harrying of BL.

It comes against the background of intense discussion about the validity of the Italian claim that the Acclaim should not have free access to the Italian market.

This claim is based on an assessment that the Acclaim's British content is less than 60 per cent, not enough to give it British designation. Italy permits the import of only 2,000 Japanese cars a year.

BL has said that the Acclaim is 70 per cent British "by ex-factory price."

The UK Government's case, conveyed to the Italian authorities and evidently supported by the European Commission, rests on a 1968 EEC regulation.

This states that a product's origin is in the country where the last substantial manufacturing process took place.

European Commission officials visited the Cowley plant, where the Acclaim is made, and on April 16 saw the manufacturing process. They are understood to have verified that the Acclaim is of EEC and not of Japanese origin.

The British Government further charges that the Italian demands for proof of origin are unwarranted and that the only criterion for origin is that laid down in the 1968 regulation.

Any move by the Italian authorities to restrict Acclaim entry could influence the car's sales elsewhere on the Continent.

BL hopes to sell 15,000 Acclaims on the Continent in its first year — it was launched there two months ago — and demand is reported to be high.

The Italians are believed to be using the Acclaim as a test case in advance of further expected deals between Japanese and European producers.

It would also have some bearing on Alfa Romeo's plans to make a joint car with Nissan in Italy and on the long-delayed decision by Nissan on setting up a manufacturing plant in the UK.

French in Indian telecommunications deal

BY K. K. SHARMA IN NEW DELHI

THE Indian Government is to award the contract to build a factory manufacturing electronic exchange equipment to the French company CIT Alcatal

CIT Alcatel has won the contract in the face of competition from 10 telecommunications companies from various countries including Britain, which offered its System X, its first advanced electronic telephone exchange. System X has never won an export order.

The French won largely because their system has been successfully tried by many countries and because of a highly attractive financing package fo rthe deal. The contract is worth about FFr 1bn (£91.4m).

Fifty per cent of this will be financed by low French Government export credits and the remainder through loans on commercial terms.

A letter of intent on the contract has been signed by the Indian Government after the French agreed to an average interest rate of 7.5 per cent.

This clinches the matter just a few days before the May 15 deadline for raising of interest rates to 10 per cent by all European countries—one reason for the early signing of the letter of intent.

Also thought to be involved is a down payment of about 10 per cent of the total price to France. This will not be refunded if the deal is later countermanded.

This is one reason why CIT Alcatal will probably get the entire package involving modernisation of India's obsolete telecommunications system.

This includes the initial supply of 200,000 local exchange lines which will be operated by the most modern type of digital exchanges, using computers and data communications.

The French technology, coded E-10, is to be transferred to India.

Britain's major bid to win the first exports for System X thus seems to have failed.

Last January, Mr Kenneth Baker, British Minister for Information Technology in the Industry Department, accompanied by Sir George Jefferson, chairman of British Telecom, visited India to explain the advantages of System X. But the offer was not accompanied by sufficiently attractive credit terms.

Apart from the manufacturing programme involved in the factory contract, the French company of Sofrecom is expected to be asked to do the maintenance and operations work.

This will also make the existing mechanical system compatible with the new digital system.

The new factory is likely to be set up at Hosur in Tamilnadu

The Government has also accepted the French offer for expansion of the Palgat unit of the Indian public sector telephone industry (ITI) to manufacture electronic exchange equipment for about 150,000 lines a year.

The new factory at Hosur will be managed by a new public sector company to be known as Hindusthan Telecommunications Industries.

So far the deal does not include the setting up of a second new factory for the manufacture of the electronic exchange equipment of the same capacity of 500,000 lines.

Existing tenders from ten companies for this project—including Britain's System X — are still valid.

But it seems unlikely that India will accept two kinds of technology for electronics telecommunications.

It is more likely that the French will also get the contract for this factory.

India has recently been giving major turnkey projects to foreign companies if they can offer suitable financing packages involving a mixture of government grants and commercial loans.

It is on the basis of these that Britain won the contracts for a 1.5m tonne steel plant in Orissa state and a super thermal plant at Singrauli in Uttar Pradesh.

These contracts are now being discussed and efforts are being made to sign them by May 15.

Fine tuning fails to quell fears on Japanese imports

BY GILES MERRITT IN SAIT-SYMPHORIEN-LE-CHATEAU

Mr Shintaro Abe, Japan's International Trade Minister

AS THE two pretty Japanese interpreters stepped out into the sunlight to stroll around the 16th century Chateau d'Esclimont near Chartres, an American newspaper reporter broke off his cross questioning of a knowledgeable EEC Eurocrat to catch them up.

What, he asked, the girls, were the real nuances of the "fine tuning" which they had earlier translated from Japanese when interpreting for Mr Shintaro Abe, Japan's International Trade and Industry Minister? He had been speaking at the "quadrulateral" trade meeting between Japan, the U.S., the EEC and Canada, which has just ended here.

It was a question which spoke much of the growing familiarity in both the EEC and the U.S. with the subtleties of language in a political dialogue that has remained inconclusive for eight years or more. It said something, too, for the mistrust that increasingly characterises trade talks such as this.

The term fine tuning had been used by Mr Abe to describe the improvements which the Japanese Government will shortly propose for combating the non-tariff barriers that are still felt to defend the Japanese domestic market from U.S. and EEC manufactured goods.

It turned out that the term means the same in Japanese as in English: in other words it might mean very little.

For the suspicion is that although Japan has pledged itself to announce a second wave of liberalisation measures within a fortnight or so, to reinforce those introduced in January concerning 67 products, none of these steps will satisfy political pressures in Europe and North America for protectionist moves to stem Japan's exports.

The focus for such pressures is now likely to be the June 5-6 Versailles economic summit, grouping the heads of government of the U.S., Japan, West Germany, France, Britain, Italy and Canada.

Unless Japan's forthcoming imports package is so far-reaching as to draw the teeth of the protectionists, the risk is that trade frictions will create a rift between Mr Zenko Suzuki, Japan's premier, and the other Versailles summiteers.

That, in turn, could produce a green light for protectionist action against Japan.

That Japan's liberalisation of import procedures and barriers is unlikely to make much difference to its booming trade surpluses—$10.5bn (£5.76bn) at least with the EEC last year and $18m with the U.S.—is well known in Brussels and Washington.

Yet attempts to wring genuine self-restraint from Japan on its exports of sensitive engineering and electronics goods have largely failed.

The quadrilateral meeting here has underlined the point.

Originally mooted last year as a trilateral forum grouping Japan, the U.S. and the EEC, which could discuss Japanese disruptions of trade without U.S.-EEC fears of provoking "deflections" of Japanese goods across the Atlantic, the new approach has already come close to being a talking shop rather than a discussion. Its very informality guarantees its power.

The first session of the quadrilaterals, in which the original three were joined by Canada, took place in Key Biscayne, Florida, in mid January this year.

Even though it was emphasised that Key Biscayne was not a negotiating session as such, Mr Abe's declaration then of "drastic" action to open up Japan's markets suggested the informal talks had performed an important role.

That impression was not reinforced, though, at the second session of the quadrilaterals that has just taken place.

Japan's own difficulties, in the shape of an overall payment deficit that has soared to approaching $8bn in the year to end March, from $380m in 1980-81, and growing agricultural and industrial opposition to import liberalisation, are an important new factor.

They help explain why the quadrilateral talks have this time not emerged with greater credit.

For the fact that Mr Abe could only offer sketchy details of the new measures had the effect of making the talks redundant.

Or, more accurately, a forum for veiled threats.

Gandhi shops for U.S. arms

By Our New Delhi Correspondent

THE Indian Government has revived interest in buying arms from the U.S. Preliminary talks have been held on the purchase of the F-5 aircraft made by Northrop Aviation Corporation.

Other items on the shopping list are Howitzers and tube - launched, optically-guided, wire-controlled missiles known as "Tows."

Interest in these arms comes just before Indira Gandhi, the Prime Minister, is to visit Washington for talks with President Reagan from July 29.

India had first examined U.S. weapons in October 1980 when a high-powered defence mission visited Washington. But the deal never went through because of U.S. terms which, in addition to the high price, included the right to cut off supplies.

This was particularly distasteful to the Indians, who are being deprived of enriched uranium for the U.S.-built nuclear power station at Tarapur

WORLD AIRCRAFT INDUSTRY

Second-hand jet market swells

BY MICHAEL DONNE AND FRANK GRAY

THE CRISIS which yesterday halted Braniff International's flights will aggravate a problem already seriously worrying the world's major aircraft manufacturers—the swelling volume of wide-bodied jets either up for sale or grounded.

Even before the Texas-based airline's latest problems, banking institutions and used aircraft agencies on both sides of the Atlantic were estimating the size of the wide-bodied second-hand market at 150 aircraft at least—mainly Lockheed TriStars, McDonnell-Douglas DC-10s and, increasingly, Boeing 747s. In addition, used European Airbus A-300s are beginning to enter the market.

Their estimate may be modest. Industry officials say that major carriers normally do not advertise their saleable equipment, preferring to rely on industry contacts to find likely purchasers.

Regardless of how Braniff's future is resolved, the volume is likely to grow. Many airlines are under mounting pressure to shed excess equipment, which in turn weakens the new equipment sales programmes of the major manufacturers.

In Britain, the collapse of Laker Airways in February put three new European Airbus A-300s and 10 McDonnell-Douglas DC-10s on the market.

Declining aircraft sales were expected to have been alleviated with the decision by the Lockheed Corporation last December to cease production by 1984 of the Rolls-Royce powered TriStar. With only 244 units sold in 10 years and the overall outlook poor, Lockheed decided to cut its losses and leave the market open to the remaining big three—McDonnell-Douglas, Boeing and the European Airbus consortium.

Ironically, other manufacturers are not benefiting from Lockheed's decision. The corporation's move appears only to have prodded many TriStar operators into cancelling their remaining options or adding their existing TriStars to the world's burgeoning fleet of grounded aircraft.

The aircraft on the ground are mostly at least 10 years old and therefore less fuel efficient than the more recent models

Nevertheless, they are still eminently usable

Since a new off-the-line 747-200 can cost up to $75m, a TriStar in the region of $40m, and a DC-10 about $40m, it is clear that an airline looking for wide-bodied equipment will be able to pick up good second-hand bargains.

Used airliner prices quoted in recent months, for example, include $25m for a Boeing 747-100, with proportionately lower rates for the older varieties of TriStars and DC-10s.

One feature of the market in recent months has been the sale and lease-back of existing equipment.

The size of the used aircraft market has prompted Citibank of the U.S. to set up a separate division to handle loan applications by airlines buying used equipment. Midland Bank International of the UK, the largest British lender for financing new aircraft, mainly Airbuses, says it, too, will have to look at used aircraft finance in the future as older A-300s enter the used market.

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UK NEWS

Personal pension sales buoyant

By Eric Short

Sales of personal pension contracts remain buoyant following tax concessions given by the Chancellor of the Exchequer in recent years.

Figures issued yesterday by Life Offices' Association, Associated Scottish Life Offices and the Industrial Life Offices Association showed that annual premiums on personal pension contracts increased by 19 per cent in the first quarter from £32m to £38m, while single premium payments advanced by a quarter from £49m to £62m.

Steel output falls

Steel production in Britain averaged 308,300 tonnes per week in April, a reduction of 5.7 per cent on the March figure which was 3.9 per cent down on the February rate.

However, production in the first four months of the year averaged 314,900 tonnes per week, 8.7 per cent higher than in the corresponding period of 1981.

BSC redundancies

BRITISH Steel Corporation is making redundant up to 250 of the 1,000 workers at its Craigneuk works in Strathclyde.

The complex, which consists of a melting shop, foundries, forge, bar mills and machine shop does specialised work and suffered losses of £1.5m last year. So far 100 employees have volunteered for redundancy.

High rates complaint

UNREASONABLY high rates, badly maintained roads and pavements, and unsatisfactory police action when assistance is needed are among the leading complaints which a "significant minority" in the UK have about their neighbourhood, according to a National Consumer Council report published yesterday.

The report is based on a survey of nearly 2,000 people carried out by Research Services between November 1979 and November 1980.

GLC co-op grant

THE Greater London Council has given a £3,000 grant to a co-operative being set up following the closure of Lee Cooper Jeans at Harold Hill, Essex. The co-operative, run by 12 women, is called Poco, and will make children's clothing.

Petrol storage move

Petrol can be stored in plastic containers from June 4 under new regulations announced yesterday. However, the containers must be specially made for fuel and not exceed 5 litres. Previously only metal containers could be used.

Why Barclays reversed a major policy decision

"IT DOES'NT surprise me that they have woken up to customer demand. It surprises me that they have resisted customer demand for so long."

This was the reaction of Mr Clive Thornton, chief general manager of the Abbey National building society, to the decision by Barclays Bank to open 400 branches on Saturday mornings in the autumn.

Mr Thornton has reason to be sarcastic about the Barclays move. It is his backyard into which Barclays is marching. Saturday banking represents a direct challenge to the building societies, fuelled by Barclay's desire to tap some of the deposit base which the building societies have been courting so effectively.

At Barclays Bank, Mr John Quinton, senior general manager, did not equivocate about the meaning of the Saturday openings: "We cannot afford to sit back and watch business taken from us by the building societies and other financial institutions."

Mr Quinton made clear that the aim is to secure new deposits. "Deposits are our lifeblood and we need a further infusion. We believe that 30 per cent of building societies' funds are paid in on Saturday mornings," he explained.

To prove the point Barclays noted that as at December year building society deposits totalled £56.4bn against the banks' £41.2bn.

Barclays even admitted that its 1969 decision to close on Saturdays had been a "bad mistake" and "a blunder." Why, then, has it taken so long to realise this?

Mr Quinton said the climate of opinion had changed in recent years. "During the 1970s we hoped our cash dispenser network would solve our problems. This is now a reversal of policy."

Alan Friedman tests reactions to a return to Saturday banking

THE MAJOR UK CLEARING BANKS

	NatWest	Barclays	Midland	Lloyds	Williams & Glyn's
Total branch network	3,200	2,981	2,450	2,300	311
Number of new current accounts last year (net gain)	200,000	200,000	150,000	250,000	33,000
Personal balances:					
Deposit accts.	£4.1bn	£4.5bn	*	*	£340m
Current accts.	£2.1bn	£2bn	*	*	£160m

* Lloyds and Midland declined to provide this information.

In the past there have been several arguments from Barclays against opening on Saturdays. The bank staff associations and unions bitterly opposed the idea because of the unsocial hours. A number of Barclays managers were not convinced that the potential gains would outweigh the costs of staff and overheads—estimated at about £5m extra a year.

By building up a network of through-the-wall cash dispensers, it was argued, the bank could service its customers over the weekend. But machines only dispense cash (although they could be programmed to accept deposits), they break down and remain broken until Monday—and they don't provide the essential personal touch.

Barclays wants to sell its products, ranging from current and deposit accounts to mortgages and personal loans. "The cash dispenser network doesn't sell a damn thing. The machines just sit there in the wall and look at you," explained Mr Brian Pearse, a Barclays general manager.

Mr Pearse reckons that by opening on Saturday mornings for two and a half hours (9.30 to 12) Barclays Bank will increase the net number of current accounts opened per year from 200,000 to about 300,000. At other banks this estimate was doubted.

Reactions to yesterday's announcement suggested that Natwest, Midland, Lloyds and Williams and Glyn's may not rush to follow the Barclays lead.

Both Midland and Natwest said they had conducted research two years ago which discouraged them from Saturday openings. Midland plans to continue developing its Autobank cash dispenser network from 360 machines now to more than 700 late next year.

At Natwest Mr Charles Green, a general manager, said the bank came to a "very firm conclusion" two years ago that opening on Saturdays would not attract enough business to compensate for the costs.

These statements notwithstanding, it would not be surprising if other UK banks did eventually follow the Barclays example. They will first watch and judge the success of the Barclays programme. If it is profitable they will jump in as well.

Union officials raise storm of protest at lack of consultation

Barclays is not offering to negotiate over its plan to open on Saturdays, but workers' leaders are expressing firm opposition to giving up the gains made 13 years ago, reports Brian Groom.

BARCLAYS BANK'S plan to reintroduce Saturday opening in about 400 branches, reversing a decision taken by all the English High Street banks 13 years ago, ran into an immediate storm of criticism from the two unions representing 80 per cent of its 70,000 staff.

Mr Eddie Gale, general secretary of Barclays Group Staff Union (BGSU), with 40,000 members, said he was "outraged" by the lack of consultation. Both BGSU and its TUC affiliated rival, the Banking, Insurance and Finance Union, representing 15,000 staff, were told only shortly before the public announcement.

Neither expressed immediate, formal opposition. However, Mr Leif Mills, Bifu general secretary, said: "We are firmly opposed to widespread Saturday opening. The proposals I've seen so far I wouldn't find acceptable."

Barclays will offer staff the option of signing separate contracts to work agreed numbers of Saturday mornings, in addition to their five day, 35-hour week.

The bank is not offering to negotiate its plan with the unions, but intends to discuss terms with them. It is believed payments could be £20-40 for a 9.30 to noon period. A clerk's basic weekly pay ranges from roughly £55 to £160.

Barclays has taken soundings among staff and believes if the price is right it will have no difficulty in getting the volunteers it needs—no more than 4,000 each Saturday—to run the limited service planned. It will invite back retired staff if necessary.

What it risks is badly souring relations with the unions, which were both yesterday flooded with telephone calls from activists hostile either to the proposals or to the lack of consultation.

The bank said its decision was taken on Monday and that it had been discussing the idea with local head offices for only two months. In addition to commercial confidentiality, however, it may have chosen not to involve the unions until now so that it had the maximum public support as a counterweight to union hostility.

This choice could backfire. Mr Jack Britz, general secretary of the Clearing Bank Union—to which the BGSU is affiliated—said yesterday: "This has proved to the hilt our feeling that the banks are on a confrontation course with the unions."

Bifu wants to shorten the working week, not lengthen it. Mr Mills said he appreciated the sharp competition in the finance sector, but Barclays would find Saturday opening expensive and unworthwhile. He felt it would lead inevitably to compulsory Saturday work because in the long term there would be insufficient volunteers.

Bifu's conference last month agreed to discuss six-day opening, but only on the basis of a four-day, 28-hour week for staff. Leaders did not envisage it applying widely to clearing banks.

Pac-Man takes up the Invader challenge

By Colin Inman

SPACE INVADERS watch out, Pac-Man is coming to eat you up.

That, at any rate, is the hope of Atari International, whose latest video computer game was launched amid considerable U.S.-style razzmatazz yesterday.

Pac-Man is, in the words of Atari's John Constantine: "A lovable yellow creature who's been eating his way into the hearts and homes of America."

Pac-Man, described as the "hottest item in the video-game market" in the U.S., is a little yellow figure who moves about a sort of maze and scores points by gobbling up video wafers, power pills, vitamins and ghosts. The longer you can keep him alive the more points you score. If he eats all the video wafers he gets another life. But he can be destroyed by the ghosts, and can only eat them if he has first eaten a power pill.

A skilled Pac-Man player can keep the game going for its full 15 minutes, totting up a points score of several thousands. The assembled hacks and others at yesterday's launch at the London Hilton were invited to take part in the UK Pac-Man contest, the winner to be awarded not only an Atari video computer system but the opportunity to compete in an international contest with a first prize of a trip to the next space shuttle launch.

Not surprisingly, journalists from the technical press were best at this and the sight of one competitor scoring well over 3,000 points was enough to discourage novices.

The lunch that followed was notable for its adoption of an American hard sell approach. Mr Constantine, Atari International's acting managing director, pointed out that Atari had over the past five years seen "the fastest growth recorded by any American company in history" and explained why it had decided to set up its own UK company.

Another Atari executive scored no marks at all for saying that Pac-Man "appeals to all the family, even the ladies," a remark that drew a barrage of hisses from the liberated multitude present.

But, as watchers of TV ads will realise, there is no doubt about Atari's commitment to Pac-Man, which it intends to be just as big a smash hit in the UK as it is in America. Prime TV time has been booked for 35 weeks and the game will bewidely advertised. Pac-Man is the latest addition to a range of games that includes Pele-Soccer, Missile Command, Asteroids, Warlords and Super Breakout, as well as Space Invaders.

Is Pac-Man really so much better than the myriad other video computer games now on the market? A rash of lawsuits over copyright infringement in the U.S. suggests that its popularity is no flash in the pan.

Tootal moves thread HQ to U.S.

BY ANTHONY MORETON, TEXTILE CORRESPONDENT

TOOTAL, ONE of the big four British textile companies, is to transfer the headquarters of its threadmaking operations from Manchester to the U.S.

The move is part of Tootal's rationalisation, which has been going on at least 18 months. This operation was largely responsible for the doubling of pretax profits to £14.85m in the year to the end of last January, after falling heavily in 1980.

The move is interesting because it involves the headquarters of the most important part of the group. Threads accounted for 54 per cent of Tootal's trading profits (before tax and interest charges) last year. Although the contribution from Tootal's American Thread subsidiary was important, it was not considered completely satisfactory.

Tootal has been increasingly looking at its operations especially thread production, from an international standpoint. It is believed profits could be improved still further if the American operation was more integrated within the company.

The transfer of the headquarters will not lead to any further redundancies in Britain. In the past three years Tootal, which has been badly hit by the textiles and clothing recession, has reduced its UK workforce from around 20,000 to some 9,500.

The only people involved in the move will be a few senior staff. Mr George Hilton, chairman of the thread section—which has operations in Australia, Hong Kong, Indonesia, Malaysia, South Africa, Nigeria and the Philippines—will certainly move to the U.S.

It has still not been decided whether he will be based at the Stamford, Connecticut, headquarters of American Thread or in New York. American Thread's production facilities are dispersed around the U.S.

It is not envisaged that Tootal's other divisions, recently reorganised as individual companies will be affected by the change.

Polyethylene prices rise 10%

BY SUE CAMERON

BRITISH chemical companies have launched a new round of polyethylene price increases in a desperate attempt to stem mounting losses on their plastics operations.

Shell Chemicals UK yesterday said it was raising the price of its low-density polyethylene (LDPE), which is used in the making of packaging film, by around 10 per cent. This will take its LDPE prices to between £450 and £475 a tonne depending on the grade of material.

Last night Shell Chemicals also warned that it needed to push up prices by a further 30 per cent to prevent more losses, and even then would not necessarily be making an adequate return on its LDPE operations.

The initiative in trying to force up LDPE prices was taken by BP Chemicals which increased its charges by 10 per cent last month, followed by Imperial Chemical Industries.

ICI said yesterday it was confident the 10 per cent price increase would hold up in the market place. But, like Shell Chemicals UK, it stressed the need for further rises. ICI said prices needed to rise to around £550 a tonne—an increase of about £100 a tonne—before profit margins would be anywhere near adequate.

Nearly all west European producers have been making substantial losses on their plastics businesses, partly because of the recession and partly because of a chronic overcapacity in the industry. Some companies, including the German-based BASF, have now started to close.

Alumax not to bid for Invergordon

By Ian Rodger

ALUMAX, the U.S.-Japanese aluminium group, will not make an offer for the Invergordon smelter closed last year by British Aluminium.

Mr Pierre Gousseland, chairman of Amax, the U.S. metals group with a 50 per cent stake in Alumax, said in London yesterday that the group had looked at Invergordon but decided not to bid.

The Scottish Office, which has been assembling an offer on power charges for interested parties, was surprised to hear of the decision.

It said: "The package was due to be put to the parties soon. We would have expected them to wait before making a decision."

British Aluminium closed the smelter in December because of high power costs. It agreed, however, to keep the smelter in working order until the end of June to give the authorities time to seek another operator.

On Wednesday Mr Alex Fletcher, a Scottish Office junior minister responsible for industry, said the Government would meet its electricity-price objective for Invergordon by direct state support, not by a charge on other Scottish electricity consumers.

Subsidiary of U.S. group acquires six hospitals

BY RAYMOND SNODDY

HCA UNITED KINGDOM, the wholly-owned subsidiary of Hospital Corporation of America, said yesterday it had paid £14m to acquire a majority interest in six private UK hospitals.

They are owned by Seltahart Holdings, the hospital company, and Y. J. Lovell Holdings, the construction and property group.

The deal gives the U.S. company its first private beds in Britain and is part of a major move into the UK private health-care market.

The hospitals are the Clare Park at Farnham, Surrey, and the Fulford Grange at Leeds, and a soon-to-be-completed hospital at Solihull. Three other hospitals, at Southend, Brentwood and Blackpool, are under construction.

Construction is also about to begin on a £5m, 100-bed hospital for HCA at Southampton. The company said recently it would seek planning permission for a £7m private hospital in Edinburgh. HCA owns and runs 368 hospitals world wide, most in the U.S., and last year had revenue of \$2.5bn (£1.37bn).

Dr Ronald Marston, chairman of HCA, said yesterday the acquisition formed an integral part of HCA's planned commitment to the UK to provide quality health services to local communities where they were desired and needed.

The move involved HCA acquiring all Seltahart's shares and available shares held by Lovell. Some shares have to be offered to consultants holding about 10 per cent of the equity in individual hospitals.

Mr Alan Pilgrim, financial director of HCA United Kingdom, said HCA would secure between 70 per cent and 90 per cent of shares in the hospitals, depending on the extent consultants took up share options.

The deal means Mr Peter Townsend, chairman and founder of Seltahart, will resign. His new company, Bioplan, will co-ordinate completion of the three hospitals. Bioplan will provide high-technology services to the private medical sector.

Lovell sold its minority interest in the hospitals for £1.4m, for a continuing consultancy involvement and for repayment of outstanding loans of £600,000. It will continue as contractors for hospitals under construction.

Lovell believes private medicine offers potential for diversification. It is having talks with other parties for a new 58-bed hospital in the South East.

HCA's proposal for a 76-bed hospital in Edinburgh is likely to be opposed by health service trade unions. They are against the growth of private medicine.

Departing Sir Michael optimistic about BL

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A CHEERFUL Sir Michael Edwardes, making his final appearance as chairman at BL's annual meeting, claimed yesterday that the group "now has the essential ingredients in both products and attitudes across the company for a successful and ultimately profitable future."

He told shareholders that losses were running well below those of the same period last year and it remained "an ambitious but achievable target" for BL to contain this year's trading loss to the level of the first half of 1981.

That would indicate a trading loss of £143m this year against £244.6m in 1981.

As restructuring costs in 1982 will be substantially reduced, so should the net loss of £497m recorded last year.

Emphasising that BL was attempting a recovery programme against the background of "almost traumatic situation in the western motor industry," Sir Michael cited the following favourable trends:

- BL's cash flow was well under control and well within the limits agreed with the Government;
- the 30 per cent productivity increase last year compared with 1980 had improved by a further 23 per cent in the first quarter of 1982;
- in the first quarter of this year BL's total vehicle sales were 6 per cent higher than the same period of 1981;
- exports in the first three months had risen by 23 per cent in value from last year's level and BL forecasts a £100m increase in the full 12 months from the £884m achieved in 1981;
- For 1982 the group expects production and sales worldwide to be at last year's level in spite of "a further meaningful manpower reduction."

Questioned by shareholders about rumours that major asset sales were to take place, Sir Michael insisted that "the 1982 plan does not envisage any early sale of any part of the business." But this was reviewed annually.

Sir Michael also made it clear that he would not stay on after the end of this year even if asked. "I have enjoyed nothing as much in my life as the last four and a half years. But there is no doubt that currency diminishes in value and I think it would be counter-productive for me to be here beyond the end of this year."

Swan National tapes its views on cuts in Ford car prices

BY JOHN GRIFFITHS

SWAN NATIONAL has sent a taped message to its 400 main leasing outlets setting out the "true situation" of cuts in the list prices of new Ford cars.

Swan National is a large car-rental and leasing company which buys 9,000 vehicles a year. The message is from Swan National Leasing's managing director, Mr Ian Mosley.

He says the cuts are "much less than at first appears, although one can hardly blame Ford for putting a certain attractive, cosmetic veneer on the price cuts to put themselves in the most advantageous light."

He said much of each cut consisted of higher specification, the value of which was added to the actual price-cut "to give the most attractive publishable figure — and of course you wouldn't normally have taken the highest specification."

Mr Mosley quoted the example of the new Granada 2.8 Ghia X with an advertised price-cut of £3,300. "In fact this had an extra 'free' specification valued at nearly £2,500."

By the same measure the true price-cut on the Escort Ghia was not £677 but £453.

The effect on the price eventually payable by customers was further reduced by the cut in the dealer margin from 18½ per cent to 17 per cent, giving dealers less room to manoeuvre on discounts.

The effect on Swan's leasing operation, for example, was that "it erodes the price reduction available for us to distribute to our customers. The discount available to us has been cut by as much as 10 per cent."

When both factors were considered, "taking as an example the Escort 1300L five-door, the proclaimed £84 price cut consists of £70 due to the lower dealer margin, £7 to the marginal reduction on car tax, leaving us only £7 to distribute in the form of lower rental."

In other examples "the true cut on the Escort 1.6GL is not £171 but £69; the Granada two-litre not £350 but £195, the Granada 2.8GL not £711 but £456."

Mr Mosley, however, said the cuts were "real in a great many cases."

Allowing for the knock-on effect of reduced used-car residual values caused by the party cuts, months rental reductions would range from marginal on the Fiesta range to £15 on the Granada Ghia X.

Mr Mosley said an associated effect of the price-cuts would be to raise rental costs of cars produced by rival makers.

Other makers have indicated they will not so act, implying Ford was simply rolling back previous price rises which had met buyer-resistance.

Mr Mosley's assertion is based apparently on the conviction that lower residual values for Fords will drag down residuals of similar models from other makers.

He says rentals of the Rover range, for example, might have to rise by as much as £10 a month.

AA finds 36% of company cars 'clocked' before private sales

BY JOHN GRIFFITHS

UP TO 36 per cent of former company cars may have been "clocked"—their milometers turned back—by the time they reach their new private owner, according to an investigation by the Automobile Association magazine, Drive.

The statistical sample on which Drive reached its conclusion—with the help of the Department of Transport computer at Swansea—was small, but coincides with the unofficial estimates of Trading Standards Officers. The Office of Fair Trading previously estimated that 200,000 "clocked" cars are sold each year.

The AA provided the magazine with a random list of 37 cars, their registration numbers and mileages at the time they were dropped from the association's 900-car fleet.

Swansea provided the names and addresses of the current registered owners, although Drive could trace only 28. Of these, 10 found that their cars' milometers had been turned back by a minimum of 20,000 miles and a maximum of over 50,000.

Trading Standards officers estimate that every 10,000 reduction in recorded mileage adds an average £100 to the retail "value" of a car, says Drive.

Mr Noel Hunter, secretary of the Institute of Trading Standards Administrators, has passed on to the Government a number of proposals to deal with the problem through the OFT. They include legislation which would require tamper-proof odometer fittings, revised registration documentation, and the compulsory licensing of 200 auction houses in the UK. Drive estimates 70 per cent of used car traffic passes through these houses.

Reliant aims to fill 'big market gap' for small sports cars left by volume producers

John Griffiths looks at a specialist's rationalisation plans

RELIANT MOTOR, the Tamworth-based specialist car maker, is abandoning all attempts to compete with the volume car manufacturers.

Alternative strategies, allied with further major job cuts and cost-saving measures in the past 12 months, are responsible for the substantial turn-round in Reliant's fortunes disclosed in the interim results. From a £1.04m pre-tax loss in 1981, made worse by an extraordinary debit of £624,000, Reliant is expected to at least break even this year. The six-month loss was cut from £597,000 to £84,000.

But Reliant's replacement for the Scimitar executive sports and estate cars, designed by Bertone, which would have been powered by the Rover V8 engine, has been halted. No compensating investment is planned for the Scimitar itself, which will continue to be built—currently at a rate of three-or-four a week—only as long as there is demand.

The same applies to production for the UK and Europe of the Kitten. Reliant's venture into four-wheeled economy cars to supplement its three-wheelers—still the backbone of the business—launched in 1974. Kittens are being built in batches of 25 at irregular intervals when enough orders have been collected.

Instead, Reliant is concentrating in the UK on building vehicles in sectors "on which the volume manufacturers have turned their backs," according to Mr Ritchie Spencer, the managing director. It is further developing sales of production technology to Third World and other markets, and expanding its engineering and related activities, part of which involved the recent establishment of a plastics subsidiary, Reliant Industrial Mouldings.

One major aspect of the strategy is expected to be the launch in two to three years of a light sports car, using Reliant's existing 850 cc aluminium engine and incorporating much of the plastics technology used in its plastic-bodied Rialto three-wheeler.

The concept, using the Reliant power train, has already been tried by an independent designer—a project in which Reliant was not directly involved—and even though heavier than the car Reliant believes it could produce, was capable of more than 50 mpg with a top speed of over 90 mph.

Mr Spencer says there is: "a big market left for small sports cars. It doesn't suit the volume makers, but the potential volume is 30,000 cars a year."

The company believes that if such a vehicle could be sold for £5,000 to £5,500 at current prices, it would fill a large gap left by BL with the ending of MG Midget and Triumph Spitfire production. 'Forget the macho types, you've only got to look at the number of secretaries and air hostesses driving around in ageing MGs and Triumphs to realise that the market does exist," says Mr Spencer.

Mr Spencer, 39, formerly personnel director of Sunderland Shipbuilders, became managing director of Reliant in late 1977 after JF Nash Securities took a majority shareholding (the motor company was separated from Nash last year). He says he is deeply pessimistic about prospects for much of the UK specialist car industry.

In the £10,000 to £13,000 bracket in which the Scimitar competes, "the volume makers have become just too damn good. People do want cars that aren't run of the mill, but their cost has gone up enormously. The Scimitar replacement would have cost £15,000 to £16,000. I don't think people are prepared to pay that much.

Later this year, Reliant hopes to begin UK sales of the Fox, a lightweight fun utility pick-up based on the Kitten developed originally for Greece. It was built by MEBEA and Reliant provided up to 1,000 kits a year. Exchange rates have killed this business, but Reliant is finding other markets, including Barbados.

Major export potential is also seen in its links with Turkish vehicle manufacturer Otosan. Reliant has been the supplier of the kits for its Anadol model for some years. Otosan's production has been as high as 12,000 a year, though Turkey's economic difficulties have reduced this to 3,000. But Reliant is developing a new car, the FWII, for Otosan to build from 1983. Output is planned to eventually reach 20,000 a year.

In the UK the launch of the Rialto three-wheeler replacement for the Robin has led to a 25 per cent increase in output, to 75 vehicles a week.

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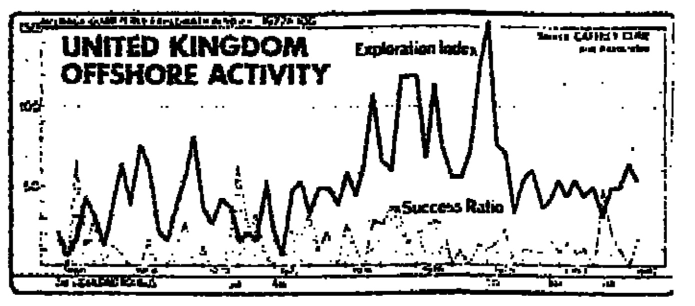
Oil and gas exploration slackens

BY RAY DAFTER, ENERGY EDITOR

THE PACE of oil and gas exploration drilling on the UK Continental Shelf has slackened in recent months, in sharp contrast to the rest of Europe.



The trend is highlighted in a new report by consultant Gaffney Cline and Associates, which cites North Sea oil taxation as a factor behind the drop in UK exploration activity.

The company's index of UK exploration drilling has fallen to about one-fifth of the 1977-78 peak, back to the level of last autumn. On the other hand, European exploration activity outside the UK has more than doubled in the past year.

Mr Tom Cox, managing director of Gaffney, Cline, said yesterday that UK tax changes, announced in the March Budget, had provided "little to encourage the oil companies."

This was particularly so in areas containing small, economically marginal fields, where profitability might have been reduced. A decrease in exploration drilling might be expected in an oil producing region, such as the UK Continental Shelf, where marginal or near-marginal fields were most likely to be discovered.

But the UK Continental Shelf, particularly the North Sea, still appears to be providing encouraging exploration drilling results. Wells drilled in recent months show a relatively high average success ratio, some three times higher than in the rest of Europe on an indexed basis.

In contrast to the exploration activity, the index for overall UK drilling work remains high, reflecting the emphasis on development and appraisal. The drilling index has reached 112.6—against a 1970 base of 100—and is now at a near-record level. Total drilling activity has remained high for the past 18 months.

The index for field exploitation work has also remained steady, although at a lower level—about 81 per cent of the 1977 base period figure. And there are signs that the index of construction expenditure has flattened after more than a decade of steadily rising values.

Conoco contract awarded

By Our Energy Editor

AN ABERDEEN company has won a contract believed to be worth over £10m to provide drilling services on Conoco's revolutionary oil production platform in the Hutton field of the North Sea.

Conoco (UK) has awarded the contract to Dan-Smedvig of Aberdeen, a company jointly owned by Davies and Newman Holdings and Smedvig Drilling of Norway.

The contract, which will run initially for three years, involves help during the fabrication, assembly and commissioning of the Hutton drilling facilities. It will also include finishing wells already drilled as well as starting new ones.

● Taywood-Santa Fe, a company with North Sea experience, has broken into the Middle East oil industry with a contract for work in the Khurais Field in Saudi Arabia. The company, owned jointly by Taylor Woodrow Construction and Santa Fe International of California, has been awarded a contract by Aramco Overseas for project proposal work on the design of a water injection system. The work will be undertaken in the UK at Taywood-Santa Fe's headquarters in Greenford, Middlesex.

BCal wins Los Angeles route

BY LYNTON McLAIN

BRITISH CALEDONIAN Airways has won its battle to fly scheduled passenger services permanently between Gatwick Airport, London and Los Angeles, the route left vacant with the collapse of Laker Airways in February.

The independent airline was granted a 10 year licence to fly the route by the Civil Aviation Authority yesterday after British Airways, the only other British airline flying between London and Los Angeles, withdrew its objections to the BCal application.

The licence supersedes BCal's temporary exemption from licensing granted in the wake of the Laker collapse. BCal was given the right to start services immediately, but it intends to start scheduled services as planned on May 21.

The Civil Aviation Authority also granted BCal permission to offer passengers an excursion return fare of £399 for an introductory period from May 21 to June 30. This would have been £51 cheaper than the existing excursion tariffs offered by the other airlines on the route—British Airways, Pan Am and TWA—but the CAA has also permitted these airlines to offer the £399 fare for the same period.

The BCal fare will be £450 return for the "shoulder period" before the summer peak, with £185 single standby. The summer peak return excursion between Gatwick and Los Angeles on BCal will be £534 between July 1 and September 14, with £212 for a peak single standby.

A condition of the licence for BCal is that the "range of fares will be similar to those offered by other airlines on the route and at levels which would also have applied to Laker Airways had they survived," the CAA said.

Mr Alastair Pugh, managing director of BCal, said yesterday's announcement was an "outstanding vote of confidence on the part of the CAA." He said BCal would be able to battle to recover the British share of the market with no inhibitions.

BSC steps up search for new markets

BY MAURICE SAMUELSON

FALLING ORDERS for the UK offshore oil construction industry are forcing the British Steel Corporation to step up its search for new overseas markets for its heavy steel plates and pipes.

BSC Plates, which is run as a separate business within the corporation, has a good order book for this year but is uncertain about next year's orders for the North Sea and has been looking for new business as far afield as Australia, Indonesia and Canada.

It was set up a year ago as part of Mr Ian MacGregor's policy of decentralising the corporation. It employs 4,000 people in six plants in England and Scotland and has a turnover of about £300m a year, but is not expected to become profitable until next year.

Under its managing director, Mr Jim Mackenzie, it is supplying 70 per cent of the steel being used for the UK Continental Shelf.

Its order book includes steel for the British Gas Corporation's Morecambe Bay and Rough Fields and for Statoil, the Norwegian national oil and gas company.

Delays in authorising the British Gas Corporation's gas-gathering pipeline have disappointed BSC Plates since the pipeline was one of the factors behind the decision to establish it in the first place.

Although it has the capacity to roll and sell more than 1½m tonnes of heavy plate, it is producing only 1m tonnes a year. It has shed 200 workers in the past year.

In a separate development, BSC Plates has revived the manufacture of heavy anchor chains, which ceased here three years ago.

Together with Spain's Vicinay company, BSC Plates is a 50:50 partner in a factory at Glengarnock, near Glasgow, which plans to start making 3,000 tonnes of anchor chain a year for offshore structures and shipping.

Safety Council fails to win ban on masks

BY JAMES McDONALD

THE Home Office has turned down a request by the British Safety Council for a ba non the sale of "smoke masks."

However, officials of the Home Office, the Department of Trade and other Government bodies are studying the arrival of the masks on the UK market. They are available to the public but are intended for hotel and office use. Manufacturers claim they provide a certain amount of protection against smoke in fire conditions.

The private secretary of Mr William Whitelaw, the Home Secretary, wrote to Mr James Tye, director general of the British Safety Council saying that certain aspects of this development were a cause for concern. This arose from the inability of the devices to filter out carbon monoxide and the possibility of a false sense of security being engendered in users, or potential users, not aware of their limitations.

Officials feel that in present circumstances a ban would not be justified, says the letter. "Work is concentrating instead on examining the feasibility of drawing up performance specifications which could, if necessary, be used as a basis for legislative action in the future."

If specifications can be established, the Home Office letter says they will be passed to the British Standards Institution so that it can consider formulating a British Standard. One of the obstacles to applying suitable controls is the absence of such a standard.

At a Safety Council in London Mr Tye expressed the council's disappointment over the Home Secretary's decision.

Denning blocks $160m U.S. damages claim

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE COURT of Appeal has blocked a $160m damages claim made in a U.S. court against two companies in the Smithkline drugs group.

Lord Denning said yesterday an excuse had been found to make the claim in a Philadelphia court because of the "fabulous" damages that U.S. juries were prone to award. It also meant the claimant could take advantage of the American system under which lawyers did not charge for their services but took 40 per cent of any damages awarded.

That, said Lord Denning, was an illegitimate advantage. The claim was made by a man living and working in England, it concerned an English contract made with an English subsidiary of the group, and the English court was the natural forum in which to deal with it.

He granted Smith Kline and French Laboratories, and its U.S. parent, Smith Kline Corporation, an injunction stopping Dr Maurice Bloch proceeding with his claim against them in the U.S.

Lord Denning said that in 1974, Dr Bloch, a drug research clinician, licensed Smith Kline and French Laboratories to exploit worldwide a drug he had invented for treating stomach complaints.

In 1980 the company decided that the drug was unlikely to be a success and ended the licence agreement.

Although it was an English contract with an English company, Dr Bloch's American lawyers had used the fact that the company had an American parent as an excuse to sue in the U.S.

"As a moth is drawn to the light, so is a litigant drawn to the United States," said Lord Denning. "If he can only get his case into their courts, he stands to win a fortune—at no cost to himself and at no risk of having to pay anything to the other side."

The U.S. courts had said that Dr Bloch could proceed in America and had made an injunction to stop Smith Kline Corporation going to the English courts. The English High Court had made an injunction ordering Dr Bloch not to proceed with his litigation in the U.S., against which he appealed.

There was thus a regrettable conflict of jurisdiction between the U.S. and English courts, said Lord Denning.

In his U.S. action Dr Bloch claimed $40m damages for alleged breach of contract; $40m for alleged false representation; $40m for alleged improper interference with the contract; and $40m punitive damages for intentionally inflicting emotional distress on him.

Lord Denning said that if Dr Bloch had any case at all he could perfectly well litigate in the UK against the English subsidiary alone and get all the damages to which he was entitled. He had no semblance of a case against the U.S. parent.

There was nothing to warrant the suggestion that the companies had been guilty of conspiracy and fraud, or had duped Dr Bloch into believing that they would develop his project when they never intended doing so.

The attempt to get the case into the U.S. courts was a device which ought not to be allowed to succeed, said Lord Denning.

"I trust that our courts on both sides of the Atlantic will not allow it," he said.

European expansion for components distributor

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

PARTCO, the Quinton Hazell automotive components distributor, is seeking rapid expansion in Europe over the next 18 months. The distribution operation has a £55m annual turnover, most of it in the UK.

Mr Ray Sollett, chief executive of Quinton Hazell, said expansion at Partco was another example of how normal commercial growth would continue within his company even though Burmah, the holding group, had announced Quinton Hazell was for sale.

Mr Sollett said that in spite of national recession, trading and profit performance at QH had improved over the first quarter of this year. Last year the company achieved a £4.1m trading profit, compared with a surplus of £6.3m the previous year.

Mr Peter Webber, chief executive of Partco, said western Europe was seen as the natural market place for his company. The aim was to expand the 10 branches in Holland to 30 over the next 18 months. Potential in France, Switzerland and Austria was also being explored.

He stressed the need meanwhile to strengthen the UK operation. To that extent the company was implementing a £1.5m investment in a mini-processor computer system for its 147 UK branches.

The programme would bring little savings in manpower but ought to cut stockholding by about 10 per cent—worth more than £1m a year.

Partco was supplying replacement parts rather than original equipment and with the growth in imported models there had been an "explosion" in the number of components held.

Nato funds research link

BY DAVID FISHLOCK, SCIENCE EDITOR

AN INITIATIVE to increase co-operation between industry and universities is being launched by the North Atlantic Treaty Organisation.

The aim is to link industrial and academic research across national boundaries, Professor Robert Chabbal, Nato's assistant secretary general for scientific affairs, said in London yesterday.

Nato, which has 15 member countries, would finance sabbaticals for dons to work in industrial research laboratories abroad, he said. When they returned they would be more willing to collaborate in research with their home industries.

Nato's scientific affairs division would provide similar facilities for industrial scientists wishing to take temporary posts in universities in Nato nations.

Prof. Chabbal, former head of the Centre National de la Recherche Scientifique (CNRS) in Paris, said he believed the pace of technological progress had depleted industry's reservoirs of new knowledge.

Industry was increasingly hampered by lack of fundamental knowledge about its products and processes

Nato's initiative was an attempt to refill the reservoirs of knowledge for industry. He thought about half the exchanges would be with the U.S., because of the large amount of scientific research done there.

But the signs were that Britain was a popular choice—because scientists tended to speak English.

Right keeps boilermaker leadership

By Our Labour Editor

THE YEAR-LONG battle over the post of general secretary of the Boilermakers Society, one of the oldest and most important craft unions, now appears to be settled in favour of Mr James Murray, the Right-wing candidate and previous incumbent.

Mr Murray stood down as general secretar yearlier this year after a court action brought by his opponent Mr Barry Williams. It is understood he has won a second ballot by some 600 votes. It is not yet clear whether either candidate will challenge the conduct of the ballot.

The earlier election had been disputed on a number of counts by Mr Williams and Mr Murray. Both the first result and the recounted total showed narrow wins for Mr Murray.

The High Court ordered a fresh election last month, while Mr Sandy Scott, assistant general secretary, served as acting general secretary. Meanwhile, Mr Murray retained his seat on the TUC General Council.

Hospitals action

THE National Union of Public Employees, the biggest union in the health service, yesterday claimed that industrial action had been stepped up in hospitals in most parts of the country.

Top civil servants oppose Tebbit Bill

BY DAVID GOODHART, LABOUR STAFF

THE First Division Association, the union representing 8,000 top civil servants, has backed the TUC's campaign against the Employment Bill.

In a controversial move, which will be seen as a step away from the union's traditional political neutrality, the annual conference yesterday endorsed the executive's decision to support the TUC campaign.

But Mr John Ward, FDA general secretary, warned of the dangers of a movement to the extreme left in the Civil Service unions.

He said it was ironic that just as the Government seemed to be softening its attitude to civil servants the unions were moving significantly to the left and "as in the case of the Civil and Public Servants Association, the extreme left."

As examples of the Government's new attitude, he quoted the decision to break its own 4 per cent limit by approving the 5.9 per cent Civil Service pay arbitration decision and also approving the Top Salary Review Body award of 14.3 per cent.

On the Employment Bill being introduced by Mr Norman Tebbit, the Employment Secretary, Mr Ward assured delegates that the executive would continue to monitor the TUC's actions and ensure it did not usurp the power of Parliament.

"We were assured by Len Murray at Wembley that we would not be supporting a campaign that set out to break the law," he said.

The new employment legislation threatened civil servants' ability to take industrial action. He drew a distinction between the political neutrality of the civil servants dealing with official business and collective matters where trade union interests were involved.

But Mr Neil Davies from the Department of Employment warned that his own department was split down the middle on the Bill. Mr Michael Smart, from the same department, said support for the campaign would bring many resignations from the association. Some Labour MPs had been quoting the FDA's proposition as a "high-quality seal of disapproval."

A substantial majority of the 200 delegates, representing senior administrative and specialist grades, supported the executive. An amendment to send the issue to a secret ballot was narrowly defeated.

Another union rejects new technology deal

BY IVO DAWNAY, LABOUR STAFF IN SOUTHPORT

ATTEMPTS BY Civil Service activists to reverse an agreement on new technology was backed again yesterday when the Society of Civil and Public Servants voted to oppose the deal.

The SCPS annual conference at Southport agreed by a narrow majority to instruct the executive to oppose any introduction of new technology until the Government gave firm undertakings that no jobs would be lost. The decision was said to mean an outbreak of strike action.

There was a similar decision earlier this week at the annual conference of the Civil and Public Services Association (CPSA), the largest Civil Service union, which reversed the verdict of its own executive.

Both unions now face an accute dilemma. Under a two-year interim deal made with the Government in March, the Council of Civil Service Unions (CCSU) agreed to allow new technology to be introduced provided there was no compulsory redundancy.

But the decisions this week now commit both the SCPS and the CPSA to oppose any new technology until there was a pledge to maintain staff levels. The original deal allowed job cuts through natural wastage and non-replacement of retiring employees.

Though the SCPS executive originally opposed the agreement, Mr Peter Palmer, vice chairman, argued yesterday that the union had to support, at least for the present, the majority decision of the nine-union CCSU.

It would be "extremely unwise" for other unions to impose an agreement on two of the major unions most involved in office technology, he warned. A meeting of the CCSU on July 1 was likely to throw out the agreement, he suggested.

Despite Mr Palmer's appeal, delegates decided on a card vote of 4,247 to 4,212 for an immediate ban on new technology. The future of the deal may now hang on the decision of any one other Civil Service union.

Under CCSU rules a two-thirds majority is required from the 63 votes on the council to overturn a decision. The combined votes of the SCPS (11), the CPSA (21) and the Civil Service Union (six) would not be enough to scrap the deal.

Mr Campbell Christie, SCPS deputy general secretary, later said that "undoubtedly" the decision will lead to outbreaks of strike action.

Productivity scheme averts wage cuts

By Arthur Smith, Midlands Correspondent

UNION LEADERS last night claimed a victory at Burman and Sons, the Birmingham-based engineering company, which told its 600 manual workers to accept pay cuts of up to £18 a week or be dismissed.

Mr Ernie Hunt, district secretary of the Amalgamated Union of Engineering Workers, said the company had realised "the folly of its action." Rather than implementing the dismissals the management had agreed to talks.

A productivity scheme discussed with the unions under which workers could maintain their earnings had been accepted overwhelmingly by the workforce. "It will mean some men will have to work harder to earn the same wage," Mr Hunt said.

But he insisted the higher productivity offered by the trade unions would enable the company to become more competitive and win new orders in the troubled automotive sector.

The company, part of the Adwest Group, shocked union leaders by its tough line when it wrote to all the manual workers in March

Unemployment leads to sharp drop in union recruitment

BY JOHN LLOYD, LABOUR EDITOR

THE REAL rate of unemployment, which will lead to 5m jobless by May 1984, is posing hard choices for the unions and the Labour Party, according to Mr Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs.

Introducing the ASTMS quarterly review yesterday, Mr Jenkins said that the union had seen a sharp drop in its ability to recruit new members in the past few months. Companies had "just given up" and were either laying off white-collar and management personnel or not replacing those who left.

"For the first time employers have abandoned hope of an upturn. This is the most pessimistic quarterly review we have ever produced. We can see a slowing down in the unemployment rate but no sign of its climb stopping."

The review claims that:

- Output levels will stabilise "in the pit of the recession."
- Unemployment will continue to rise steadily by 300,000 during the year.
- Average living standards will fall a further 1.5 per cent.
- Productivity levels will rise further in 1982, but only because employment is falling faster than output.

Mr Jenkins said that the effects of unemployment on ASTMS would be to cut at least 6 per cent of its 490,000-strong membership this year, and that the union was now budgeting for a 10 per cent drop on an annualised basis.

The union would have to cut its affiliation to the TUC and to the Labour Party by around 10 per cent—a move which will increase the financial problems of these two bodies.

It is understood that other unions, many of which have seen membership falls larger than the ASTMS, will also be forced to cut their affiliations to the party as well as to the TUC.

Mr Barry Sherman, the union's research director and author of the quarterly review, said that the sharp drop in domestic investment meant that the UK was falling steadily behind competitor countries. By the end of this financial year, the average family would require a 19 per cent increase in pre-tax earnings to recover its earnings level of May 1979, when the present Government came to power.

Scargill warns of action to safeguard mines

BY OUR LABOUR EDITOR

MR ARTHUR SCARGILL, the miners' president, has warned of action by mineworkers if the National Coal Board refuses to meet the union's executive to discuss their misgivings over the future of the industry.

In a toughly worded, but not categorical, statement Mr Scargill said that fears had been expressed at area level in the National Union of Mineworkers over the prospects for the industry.

He pointed to concern over coal imports, the continuing "high" imports of oil for electricity generation and references in Parliament and elsewhere to possible contraction. Members were also concerned about the introduction of new technology, and the payments received for working with new equipment.

He claimed there was widespread dissatisfaction among miners over the operation of the incentive bonus scheme, which had resulted in strikes and other industrial action in a number of pits.

The NCB later confirmed thatt here had been a number of stoppages, and that 174,000 tonnes of coal had been lost through stoppages in the first five weeks of this year, up by 17,000 tonnes on the same period in 1981.

However, the board said that it had a routine quarterly meeting with the NUM planned for next week, and that it had offered the union a board level meeting in concert with other unions.

Mr Scargill said that the union "insisted" on a meeting without other unions present, and that the executive would take a decision on appropriate action if the board had not given dates for such a meeting by next month's executive.

Two projects — the coal liquefaction plant at the Point of Ayr in North Wales and the smokeless fuel plant at Aberavon in South Wales — are now in doubt.

APPOINTMENTS

Deputy chief for Charterhouse Group

Mr John B. Hyde has been appointed deputy chief executive of the CHARTERHOUSE GROUP. He continues as chairman and chief executive of Charterhouse Japhet, the group's merchant banking subsidiary. Mr Geoffrey C. Rowett, the group chief executive, is due to retire from executive duties next year. Mr Hyde joined Charterhouse in 1981 having previously been chief executive of Chemical Bank International.

★

Mr Robert Pirie has been appointed to the board of N. M. ROTHSCHILD AND SONS from June 1. He becomes president and chief executive officer of Rothschild Inc., New York, on the same date.

★

Mr David Sefton has joined ORGA-TECH as sales director.

★

Mr Crohan O'Shea, chairman of C. J. O'Shea and Co, has been elected president of the NATIONAL ASSOCIATION OF FORMWORK CONTRACTORS for 1982-83. New vice-president is Mr Michael Napier, director of G and S Formwork Company, and honorary treasurer is Mr Roy Howard, chairman and managing director of Ardmill Formwork.

★

Mr Anthony C. Stirling has been appointed to the board of WESTMINSTER AND COUNTRY PROPERTIES.

★

Dr Ian P. Sword, managing director of Inveresk Research International, has been appointed a director of COGENT, the technology fund formed by Commercial Union Assurance and the Legal and General Group.

★

Mr John W. Bryant becomes the third British member of the board of VOLVO TRUCKS (GREAT BRITAIN). He was general manager controlling both assembly and parts divisions. He will now be responsible for all technical matters concerning Volvo commercial freight and passenger vehicles in Britain—and additionally, control the design and manufacture of those British-built vehicles destined for export markets. Mr Mats Ola Palm, at present marketing director of Volvo parts division in Gothenburg, also joins the British board.

★

RICHARDSONS WESTGARTH has appointed Mr R. Bates as assistant managing director and Mr J. M. K. Macdonald as financial director. Mr K. J. Middis has been appointed company secretary.

★

Mr Leslie Kemp has been re-appointed as chairman of the CONSTRUCTION INDUSTRY TRAINING BOARD for a further three years from July 21. He was a national secretary of the Transport and General Workers Union.

★

Mr Simon Morris, a manager at GUIDEHOUSE, has been promoted to director. Mr Michael Bliss has been appointed a non-executive director. He is currently the joint managing director of Welbeck Financial Services.

★

Mr J. R. Stansfield has been appointed president of the BRITISH RECLAMATION INDUSTRIES CONFEDERATION to succeed Mr Eric Cross. Mr Stansfield is chairman of E. Butterworth and Company.

★

Mr Graham Kemp, founder of GRAHAM KEMP COMMUNICATIONS, has been appointed chairman and Mr Geoffrey Morgan, a director, has now been made managing director. Graham Kemp Communications is a subsidiary of AGB Research.

★

Mr Keith Charlton, managing director of Leech Homes (North East) has been promoted to group sales director of the parent company, LEECH HOMES. Mr Dennis Webb, formerly personal assistant to the deputy managing director of the William Leech group, fills the vacancy created by the promotion.

★

Following the acquistion of Memorex by Burroughs, the BURROUGHS CORP has appointed Mr Reto Braun as vice-president, in addition to his position as president of the Memorex International Group, based in London.

★

Mr Alan F. Moss, chief executive of BPCC Web Offset Corp and managing director of Chromoworks, has been appointed managing director BPCC group sales, a new position in the Corporation. He is a BPCC main board director. Mr Leslie Bradman, managing director of Nickeloid, has been appointed chief executive BPCC Web Offset Corp, and joins the BPCC main board. Mr Donald C. Davis has been appointed BPCC publishing group financial director. He was formerly group managing director of Pitman.

★

Mr William B. Slater has been appointed chairman of ASSOCIATED CONTAINER TRANSPORTATION (AUSTRALIA), succeeding Mr Edmund Vestey, who continues on the board. Mr Slater, who recently took over as chairman of ACT Limited, is managing director of the Cunard Steam-Ship Company.

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Our planes fly better with a full English breakfast inside them.

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As you've no doubt discovered to your discomfort.

Taking on the continental competition with nothing under your belt but a meagre continental breakfast can spell disaster.

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COOL RECEPTION FOR FOREIGN SECRETARY'S HEAVY EMPHASIS ON DIPLOMACY ● HEALEY RENEWS SUPPORT FOR TASK FORCE

Heath scorn for sell-out fears angers Tory right

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR EDWARD HEATH, the former Conservative Prime Minister, last night made his first Commons intervention on the Falklands dispute. He urged the Government to press ahead with negotiations and ignore pressure from right-wing Tories for an invasion of the islands.

In a speech which was frequently interrupted by protests from angry Conservative back benchers he declared: "I would ask the Foreign Secretary not to be moved in any way by the cries of sell-out."

He insisted that there would be no dishonour in withdrawing the task force without a large-scale military action once a successful agreement was under way with Argentina.

In particular he stressed the importance of leaving a loophole in the negotiations in order to give the Argentine junta a way out to the acceptance of a reasonable settlement.

Mr Heath also upset many of his colleagues when he emphasised that the Falkland Islanders could not have a veto over the long settlement.

He maintained that after the present hostilities circumstances for them could never be the same as in the past, and argued that the Government had to balance the islanders' wishes against Britain's overall interests in Latin America.

In a rare compliment to Mrs Thatcher, who was listening intently, he said that so far he wholeheartedly supported the strategy adopted by her and Mr Francis Pym, the Foreign Secretary.

It was noticeable that despite the criticisms from the Tory right wingers, Mr Pym nodded in agreement at some of the points made by Mr Heath.

Mr Enoch Powell (OUP South Down) said Mr Pym should resign.

If there was a difference of opinion in the Government about the crisis, it should be resolved.

"If the Foreign Secretary has not agreed with his colleagues in the purposes for which this operation is being conducted, there is an honourable course of action he could take," he declared.

And he warned Mrs Thatcher: "The supreme duty to maintain unity of the Government rests with the Prime Minister. She owes it to the country, to the forces and she owes it to the Falkland islanders to restore unity to the Government and to restore a quality of purpose."

In his own speech to the House the Foreign Secretary—who laid heavy emphasis on pushing ahead with negotiations—received a cool reception from from the Tory benches, although there was a cheer from the Opposition as he sat down.

Earlier, during PM's Question Time, Mrs Thatcher had tried to reassure the group of suspicious Tories who are worried that the Government might be about to make unacceptable concessions to the Argentines to reach a settlement.

She drew cheers when she declared: "May I make it perfectly clear we are working for a peaceful solution not a peaceful sell-out."

Nevertheless, the backbenchers became anxious a little later when she said Britain could not agree to any settlement at the outset which promised Argentine sovereignty over the islands.


Thatcher: reassuring


Heath: no dishonour


Pym: sanctions working

She added that Britain must have an undertaking that sovereignty was not "committed" but was in fact negotiable.

The PM then had to put the record straight by taking the unusual course of intervening during business questions to clarify what she had meant.

She explained: "The Argentines had been saying that sovereignty must be transferred to them as a precondition for negotiations or at the end of negotiations. We cannot accept that in any way."

The speech from Mr Pym was also interrupted by his own back benchers seeking reassurance.

There were mumbles of protest when he said that once the Argentines demonstrated that their readiness to withdraw from the Falklands was a reality Britain would be ready to match this by "standing our own forces off from the area of conflict."

Mr Alan Clark (C Plymouth Sutton) said there was a discrepancy between this and what Mrs Thatcher had said during Question Time when she had promised that the task force would not be withdrawn until the Argentine forces had completed their withdrawal from the islands.

There was more discontent when the Foreign Secretary said that once the Argentines had withdrawn negotiations about the long-term future would take a matter of months.

If an interim agreement was reached, he said, long-term negotiations would begin quite soon. At that stage Britain would be willing to discuss sovereignty as one of the factors for the long-term future.

At the same time he stressed that the withdrawal of Argentine forces was a fundamental precondition of a ceasefire.

The second fundamental requirement was that the outcome of long-term negotiations on the future of the islands must not be pre-judged.

Mr Pym said the negotiations in New York through Sr Perez de Cuellar, UN Secretary General, were at an important point.

There had been some indications—the first since the crisis began—of genuine Argentine willingness to negotiate on some of the more important points.

"But there will have to be more if we are to succeed," he emphasised.

On Tuesday, he said, the talks seem to have made a little progress. On Wednesday, however, things went less well.

"Hopes have been raised before only to be dashed, and many very serious difficulties remain" he added.

If Argentina proved intransigent and prevented the success of the negotiations the junta should know that there was an alternative way of ending the crisis.

"We do not want it but we are for it," he said, in a clear reference to the possibility of an invasion of the islands.

"The choice lies with those who rule Argentina."

He assured Conservative backbenchers that the continued negotiations had not hindered the build-up of military pressure, nor closed off any of the military options open to the task force.

There were signs that this was beginning to get through to the junta

In another passage clearly addressed to critics on the Government's back benches he assured the House: "We have at no stage lost sight of our declared objectives and principles.

"Argentina knows how to avoid further military conflict—she can begin her withdrawal now."

The Foreign Secretary claimed that economic sanctions were having a "real and biting" effect, and that the Argentine economy was in disarray.

Not a single public sector loan had been agreed from overseas since April 2. The Argentine peso had been under heavy pressure, there were expectations of increased inflation and a general loss of confidence.

Mr Denis Healey, shadow Foreign Secretary, said that his party still supported the task force within the guidelines laid down for its use. There would, he said, be no point sending the force unless Britain was prepared to use it in certain circumstances.

If Argentina was responsible for the breakdown of negotiations, then the task force would be obliged to continue its military role subject to certain conditions.

In an obvious attack on Mr Tony Benn (Lab. Bristol South East), who had called for the task force to be withdrawn, Mr Healey said that to do so would be to nullify the efforts of the UN Secretary General and hand the Falklands to General Galtieri on a platter.

Mr Healey thought the Government was right to reject calls from the "militarist tendency" on the Tory back benches for an attack on the mainland.

Such an attack would lose support in the UN and lose the backing of the United States. It would be forcing Argentina into the arms of the Soviet Union.

There were some angry mutterings from Labour left wingers when Mr Healey replied to a demand from Sir Peter Emery (Con Honiton) that he should repudiate remarks by Mr Benn in Washington yesterday.

Sir Peter said Mr Benn had suggested he spoke for the British People in demanding a ceasefire and the withdrawal of troops.

Acidly Mr Healey replied that he had no personal responsibility for what was said by Mr Benn—a remark that drew angry shouts of "Get on with it, don't make jokes" from left wingers.

Liberal leader **Mr David Steel** said the Falklands crisis was the greatest debacle in Britain's foreign policy for 25 years. When it was all over the Government should seriously consider whether to set up a Commission similar to the one that investigated the First World War disaster in the Dardanelles.

Attacks on Treasury model dismissed

ALLEGATIONS THAT the Treasury model has been "rigged" to produce unjustifiably optimistic economic forecasts were dismissed as "absurd and unfounded" by Mr Leon Brittan, Chief Secretary to the Treasury, in the Commons yesterday.

The Treasury is expected to issue a statement today

Mr Brittan admitted to being concerned about the margin of error in the forecast for the public sector borrowing requirement in 1981-82 — the outturn figure was £2bn below the Budget estimate.

He told his Labour predecessor Mr Joel Barnett MP for Heywood and Royton: "I am as concerned as you are as to why so large a change came about in such a short time."

Bail conditions to be reviewed

THE Scottish Crown Office is to review bail conditions because of the many people who commit offences while awaiting trial, Mr Peter Fraser, Solicitor-General for Scotland, said yesterday in a speech to the centenary conference of the Scottish Conservative Party, in Perth.

Scottish chief constables had expressed dissatisfaction. Tayside's chief officer had reported that over six months 243 persons were on bail, that within this group were people further charged with commiting 249 other crimes and offences.

Mr Fraser said he would see what could be done to ensure courts were made aware of cases where further offences were comitted while the accused was on bail.

Economic recovery will continue despite difficulties, Brittan says

BY IVOR OWEN

A RECOVERY in the economy is taking place, and will continue, **Mr Leon Brittan**, Chief Secretary to the Treasury, told the Commons yesterday.

He maintained his buoyant stance when Labour MPs quoted the more sombre views recently expressed by the chairman of ICI, Mr John Harvey-Jones.

Mr Brittan emphasised that the Government had never suggested that economic recovery would be "rapid or dramatic," and accepted that it is likely to be "uneven and jerky" with a number of areas, including Scotland, continuing to face difficult problems.

Of Mr Harvey-Jones he insisted: "He is not immune from disagreement."

Mr Peter Shore, shadow Chancellor, recalled that the ICI chairman had indicated that he could see no sign of industrial recovery.

To cheers from Labour MPs Mr Shore maintained that the CBI's end of April economic report and the International Monetary Fund's recent estimate of Britain's growth rate at 0.8 per cent, coupled with 3m unemployed, provided a more realistic picture of the economic outlook.

The economy, he said, had fallen down Everest, in the summer of 1979, climbed Box Hill in the last six month, and was now going down the other side.

Mr Brittan retorted that Treasury forecasts of a modest recovery were being fulfilled.

He claimed there was an international consensus that the way Britain was going forward out of the world-wide recession was the right way, while other countries were continuing to experience serious difficulties.

The CBI survey had recorded a "very optimistic picture," with improved business optimism and expectations of increased orders and output in the coming months, he said.

Mr Douglas Jay (Lab Battersea North) asked: "As the Chancellor has stated that Government expenditure on the Falklands Islands task force will in no way upset the Government's economic policy can you say whether a similar increase in spending would have upset Government policy?"

There was derisive laughter when Mr Brittan replied "the answer is it depends on how much."

Mr John Horam, MP for Gateshead and spokesman on economic affairs for the Social Democrativ Party, argued that industry needed extra demand.

He suggested that it should take the form of increased capital spending by the Government, and maintained that there was scope for this in view of the fact that the public sector borrowing requirement for 1981-82 was £2bn below the original estimate.

Mr Brittan said restraints imposed by the Government on public sector borrowing had led to the fall in interest rates—one of the most important ways of assisting industry.

He added: "I am not at all sure that a change of course which would make it more difficult for interest rates to fall would be beneficial."


Trevor Humphries

Mr Michael Foot, Labour leader, met the party's two candidates for forthcoming by-elections at the Commons yesterday. Mr David Nicholas, left, is standing for Mitcham and Morden, Mr Anthony Blair for Beaconsfield

PM defends top people's pay awards

By Ivor Owen

CRITICISM OF salary increases ranging from 14.3 per cent to 18.6 per cent for judges, high-ranking service officers and senior civil servants was rejected by the Prime Minister in the Commons yesterday.

Mr Jo Grimond, the former Liberal leader, argued that increases on such a scale, combined with the benefits of inflation-proofed pensions, opened too big a gap with the rewards available to other sections of the community.

He warned that by approving the awards the Government was likely to undermine any public confidence in calls for general wage restraint.

There were cries of "come off it" from the Labour benches when the Prime Minister pointed out that top management in the Civil Service and the armed forces, like the judges, had not received the awards recommended by the Top Salaries Review Board in full or on time since 1974.

Even after the latest increases the salaries of the groups concerned would be only 8 per cent over the 1980 recommended levels, she said.

This contrasted with the pay of nurses, whose case was repeatedly taken up from the Labour benches, which was 12.8 per cent above the 1980 levels.

U.S. insurance broker tells Lords of Lloyd's 'conflicts'

BY JOHN MOORE, CITY CORRESPONDENT

A LEADING U.S. insurance broker told the Lords select committee reviewing the Lloyd's Bill yesterday that there were conflicts of interest within the Lloyd's market which deserved attention.

Mr Robert Corroon, chairman of Corroon and Black, which has a 20 per cent shareholding in Minet Holdings, the UK broker with Lloyd's interests, was appearing for a group of brokers seeking to block a clause requiring Lloyd's brokers to sell shareholding links with underwriting agents.

He argued that if Parliament was trying to present conflicting interests at Lloyd's it should look at the rules allowing brokers' executives to be underwriting members.

Members of underwriting syndicates seek to make profits, while brokers are supposed to get the best deal for clients. This was a conflict of interest, he said.

Mr Corroon said he was "very distressed" about the complete lack of concern for the shareholders of brokers displayed by the Lloyd's establishment's support for the divestment clause.

This would impugn the integrity of brokers and do some damage in the U.S., he said.

Earlier, Mr Peter Miller, appearing for Lloyd's was cross-examined by Mr Robert Alexander, QC, representing Lloyd's interests opposed to the controversial immunity clause under which Lloyd's is seeking protection from suits for damages by its membership.

Mr Miller was questioned closely about the effectiveness of a multi-million pound errors and ommission insurance policy which is carried by the existing Lloyd's ruling committee.

Radiation curbs 'ahead'

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN is ahead of most EEC members in the regulation of radiation protection for medical purposes, a House of Lords select committee has concluded.

It believes the community as a whole "needs to be persuaded to adopt effective practices" promoting greater radiological protection of patients. Radiation for medical purposes contributes about 94 per cent of the artificial dose to which the average person is exposed.

Radiation protection. Report of the Select Committee on the European Communities. House of Lords Paper 108, SO, £5.25

Next week in parliament

Monday: Private Members' Bill, Local Government and Planning (Scotland) Bill, remaining stages.

Tuesday: Employment Bill, remaining stages.

Wednesday: Employment Bill, Third Reading, Criminal Justice Bill, Third Reading, Industry Bill, remaining stages.

Thursday: Northern Ireland Bill, Committee stage.

Friday: Derelict Land Bill, Second Reading, Civil Jurisdiction and Judgments Bill, remaining stages, Civil Aviation Bill.

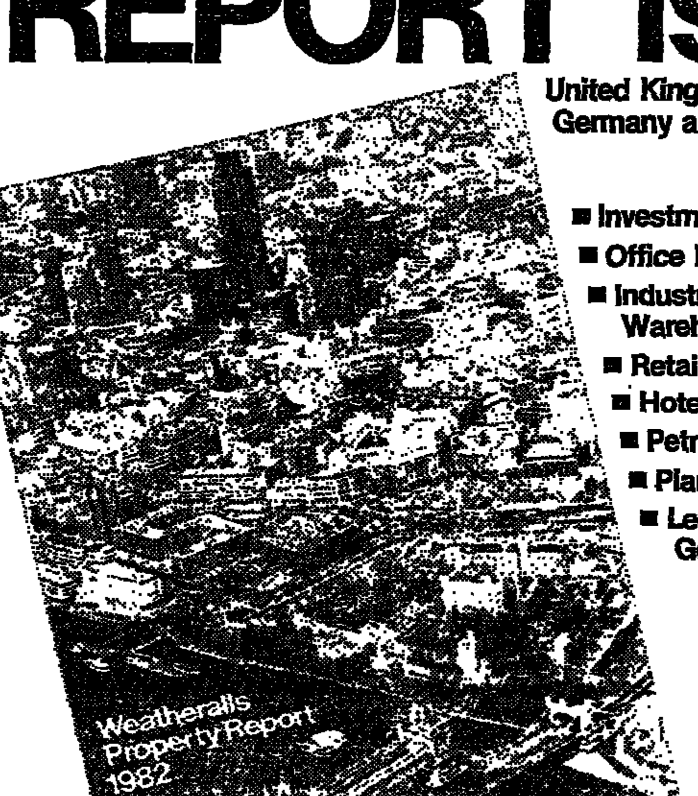
Monday: Local Government (Miscellaneous Provisions) Bill, Report Stage.

Tuesday: Oil and Gas (Enterprise) Bill, Committee Stage; Town and Country planning regulations.

Wednesday: Debate on energy and the environment; short debate on relations with China.

Thursday: Local Government Finance Bill, Committee Stage; debate on EEC agricultural trade policy.

Friday: Administration of Justice Bill, Third Readings; Planning Inquiries (Attendance of Public) Bill, Second Reading; Gaming Amendment Bill, Second Reading.



How the South Atlantic crisis has smoothed the way for some Government business

Meanwhile, Whitehall life goes on

BY PETER RIDDELL, POLITICAL EDITOR

THE FALKLANDS CRISIS may be almost the sole political topic of conversation, but everyday life still goes on in the rest of Government—committees meet, decisions are reached and statements are made.

At most, some decisions have been delayed. But other decisions could be altered in the future, and the wider balance of power within the Cabinet and the Government could change.

The overall impact so far has apparently been limited, largely because only part of Whitehall has been directly concerned with the crisis.

At the vast Department of the Environment, for example, the Property Services Agency could be involved in eventually resettling the islanders in the UK or in rebuilding Port Stanley airport.

But all that is for the future.

Similarly, only a handful of officials within the Treasury have been involved in monitoring defence spending on the task force and in managing the consequences of the crisis in the financial markets.

It has been roughly the same story in the rest of Whitehall.

The Government machine has generally carried on with its normal work. As one minister pointed out, government decisions on most day-to-day issues essentially depend on whether anyone objects.

A minister puts up a proposal, circulates it to affected departments inviting comments and objections, and if there are none, the proposal goes through.

This process is continuing, possibly with greater smoothness than usual. There may be less discussion on some questions, though, since some senior ministers and, above all, Mrs Thatcher are preoccupied with the Falklands.

Divisions

One minister reckons the decision to accept the arbitration award on Civil Service pay, even though it was above the original Government guideline, went through more quickly than it might have done since the Prime Minister's mind was turned elsewhere.

It is also, by chance, the time of year when there is a slight lull in the Whitehall decision-making pattern.

Many crucial decisions, such as the rate support grant or external financing limits of nationalised industries, are tied to the public spending review and to the Budget.

But the Budget and the annual Expenditure White Paper came out nearly three weeks before the crisis began, and the Finance Bill is now making its stately progress through the Commons.

Moreover, the seemingly continuous public spending review (the PESC exercise) is still at a very early stage where departments are preparing their figures and ministers have yet to become actively involved.

The Cabinet would anyway not normally have a preliminary discussion on public spending until late July.

The call on senior ministers' time as a result of the crisis has meant that some meetings of the Cabinet's economic strategy and industrial policy committees have been postponed or curtailed. Consequently, some longer term questions have been deferred for the time being.

There is also no immediate urgency about deciding, for example, whether proposals on rates reform should be introduced, though a view will have to be taken by the summer recess.

Some controversial announcements do appear to have been delayed—for example, on the contentious issue of heavy lorries, where the Government will have to placate a sizeable group of rebellious Tory back benchers.

There are, nonetheless, several difficult decisions which cannot be deferred indefinitely, such as the Health Service and British Rail disputes.

The longer the crisis continues the larger the impact on the rest of the Government's activities is likely to be. For example, in parliament there have been five full day debates, though only three at normal times, and this has deferred other business.

So far this has not seriously disturbed the balance of the Government's legislative programme and the main suffering is likely to come through a curtailment of the Whitsun recess.

Arbitration

The crisis has, however, reopened divisions within the Tory Party, and, in particular, given a new opportunity for the various strands within the Tory Right.

The knives are openly out within the party and within the Government, and Mr Francis Pym, the Foreign Secretary, and Mr Jim Prior, the Northern Ireland Secretary, are now the favourite targets of this group.

There is little doubt that the Falklands crisis has reinforced both the number and resolve of the Conservative opponents of the Northern Ireland Bill, including the Cabinet sceptics, and its prospects now look highly uncertain.

The longer-term impact on the Government's policies will obviously depend on the outcome of the crisis and, in particular, on the political balance within the Cabinet.

Later decisions on for example, employment legislation, may depend on whether Mrs Thatcher and her supporters are weakened or strengthened.

There will also be direct economic consequences which will affect other programmes. There is already strong pressure for a new defence review and the Defence White Paper has been indefinitely postponed.

At the least many MPs will demand that threatened redundancies at naval dockyards are postponed and some ships kept at sea, while some MPs will demand a wholesale reappraisal of defence commitments.

In any event the pressures on defence spending are likely to be upwards next year and the year afterwards.

The short-term costs and impact of the crisis still cannot be assessed. Treasury ministers and officials are, however, still confident that the costs can be contained well within the margins of the £2½bn contingency reserve for unforeseen items in the current financial year.

This is likely to be at the expense of spending on other new items.

Still, the balance of the Government's overall programme has not yet been significantly challenged or changed.

TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.00-12.10 pm For Schools, Colleges. 12.30 News After Noon. 1.00 Pebble Mill at One. 1.45 Heads and Tails. 2.02 For Schools, Colleges. 2.30-2.53 Weekend Wardrobe. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Secret Squirrel 4.25 Make 'em Laugh. 4.45 Newsround Extra. 5.00 Blue Peter Special Assignment.
5.40 News.
6.00 Regional News Magazines.
6.22 Nationwide.
6.45 Sportswide.
7.00 Are You Being Served?
7.30 Odd One Out: A quiz game with Paul Daniels.
8.00 The Enigma Files, starring Tom Adams.
8.50 Points of View with Barry Took.
9.00 News.
9.25 Status Quo—Live on 1: live broadcast from the National Exhibition Centre, Birmingham of a concert given in the presence of The Prince of Wales.
10.15 Maestro. Denis Compton—Cricketer, in conversation with Frank Keating (London and South East only).
10.45 News Headlines.
10.50-12.25 am The Late Film: "Doomwatch," starring Ian Bannen and Judy Geeson.

Chris Dunkley: Tonight's Choice

As series and serials wax and wane, so different nights of the week establish themselves as good ones for staying in and watching television, or good ones for going out and getting away from it. Friday has recently been turning into a better and better night for going out. The centre of the ITV schedule is blighted by **We'll Meet Again**, though mercifully that ends tonight, and BBC-2's **Playhouse**, which might have kept one indoors, isn't having a very good season. Tonight's production, "Jake's End," is about a professional crook whose world is changing; he feels domestic pressure for respectability and finds new and unpleasant forces in the underworld. BBC-1's menu simply looks a mess.

There are three programmes which seem to have possibilities, however. ITV's **Survival Special**, "Stranded On South Georgia," is the film about King Penguins which Cindy Buxton and Annie Prince were making when the Falklands business started, and which by sheer good luck they managed to get out "under the noses of the Argentines," as their publicity announces gleefully. **Newsweek** on BBC-2 reports on privacy and data protection in the age of the computer, with Timothy Raison, the Government Minister responsible for the White Paper on the subject participating. And **International Snooker** on BBC-2 reaches the semi-finals.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
11.25 Snooker
12.00 Royal Degree Ceremony.
12.45 pm Snooker and Racing.
5.10 Sikhs in Britain.
5.35 Weekend Outlook.
5.40 Stars of the Silent Screen "Dr Jeckyll and Mr Hyde," starring John Barrymore.
6.40 Snooker
7.10 News Summary.
7.15 Something Else.
8.00 Gardeners' World.
8.25 Newsweek.
9.00 Playhouse.
10.00 Snooker.
10.45 Newsnight.
11.30 Snooker.

LONDON

9.35 am Schools Programmes. 11.52 The Bubblies. 12.00 Songbook. 12.10 pm Once Upon A Time. 12.30 Our Incredible World: "Wind—the Power and the Promise." 1.00 News. 1.20 Thames News. 1.30 About Britain. 2.00 After Noon Plus: The Rt Hon Roy Jenkins who will answer viewers' questions. 2.45 Friday Matinee: "In Name Only," starring Michael Callan. 4.15 Porky Pig. 4.20 Dance Crazy. 4.45 Freetime. 5.15 Film Fun with Derek Griffiths.
5.45 News.
6.00 The 6 O'clock Show, presented by Michael Aspel, with Janet Street-Porter and Fred Housego.
7.00 Family Fortunes, presented by Bob Monkhouse.
7.30 Survival Special: Stranded in South Georgia.
8.30 The Bounder, starring Peter Bowles and George Cole.
9.00 We'll Meet Again.
10.00 News.
10.45 Benson.
11.15 The London Programme: Did Paul Worrell Need To Die?
11.50 Dolly, starring Dolly Parton.
†12.20 am Rawhide, starring Clint Eastwood.
1.20 Close: Sit Up and Listen with Lady Ewart-Biggs.
†Indicates programme in black and white.

All IBA Regions as London except at the following times:

ANGLIA

12.20 pm [illegible] Your Wings 1.20 [illegible] 2.45 pm Friday Film [illegible] [illegible] Kandahar. [illegible] Oliver Reed and [illegible] 6.00 About Anglia. 10.45 [illegible] 11.15 [illegible] Late Film. "A Man Called [illegible]" starring James Garner and Dennis Weaver. 1.25 am Dear Dia[illegible].

CENTRAL

12.30 [illegible] Report 1.20 Central [illegible] 2.45 Afternoon Cinema: "The [illegible]" 6.00 Central News 10.45 [illegible] 11.15 Central News 11.20 [illegible] Richard Burton, "Villain."

GRAMPIAN

9.20 am [illegible] 12.30 pm The [illegible] We Live In 1.20 North News [illegible] Matinee: "Flights of [illegible]" starring Howard Keel and Anne [illegible] 6.00 North Tonight [illegible] 10.45 The Cale[illegible] Open Pool Tour[illegible] 11.45 [illegible] By Night. 12.15 am [illegible] Headlines.

GRANADA

11.52 am [illegible] Matinee 12.30 pm Our Incredible World 1.20 Granada Reports 1.30 Exchange Flags 2.00 About Britain 12.30 Friday Matinee "[illegible] Man of [illegible]" 6.00 Kick Off 6.30 Granada Reports. 10.45 Streams 11.15 A Week of Friday 11.45 The Darts World Knockout Cup 12.20 am The Late Film "The Odd Job."

HTV

12.30 pm Wild Wild World of Animals 1.20 HTV News 2.45 Friday Film Matinee: "The Comic" 6.00 HTV News. 6.30 So What's Your Problem? 10.43 HTV News 10.45 The Late Night Film "The Triple Echo."
HTV Cymru/Wales—As HTV West except: 9.50-10.05 am [illegible] 12.00-12.10 pm Beth Am Stori? 4.15-4.45 Mr Eden. 6.00 Y Dydd. 6.15 Report Wales 6.30-7.00 Mahlrin It Work. 10.45 Outlook. 11.15-1.00 am The Late Night Film (As HTV West at 10.45 pm)

SCOTTISH

12.30 pm Spellbinders. 1.20 Scottish News. 2.45 Friday Matinee: "Nowhere to Hide" 5.15 Private Benjamin 6.00 Scotland Today 6.30 Sports Extra 6.45 Hear Here 10.45 Ways and Means. 11.15 Late Call 11.20 Movies Through Midnight. "Brief Season."

TSW

12.30 pm Untamed World 1.20 TSW News Headlines 2.45 The Friday Matinee: "The Man Without a Country" 4.12 Gus Honeybun's Magic Birthdays. 5.15 Emmerdale Farm 6.00 Today South West 6.30 What's Ahead 10.47 TSW Late News 10.50 Continental Cinema: "Loving in the Rain" 12.30 am Postscript 12.35 South West Weather

TVS

11.52 am The Undersea Adventures of Captain Nemo 12.30 pm Bygones. 1.20 TVS News 12.45 Friday Matinee "Orders are Orders," starring Margot Grahame and Sidney 5.15 Sale of the Century 6.00 Coast to Coast. 6.30 Friday Sportshow 10.45 Getting It On. 11.15 Restricted. "The Harrad Experiment," starring James Whitmore and Tippi Hedron. 1.00 am Company.

TYNE TEES

9.25 am The Good Word 9.30 North East News. 12.30 pm Fire of Harmony 1.20 North East News and Lookaround. †2.45 Friday Matinee "Orders are Orders," starring Margot Grahame. 4.15 Cartoon Time 6.00 North East News. 6.02 Sportstime 6.30 Northern Life. 10.45 North East News. 10.47 Friday Live. 12.15 am Superstar Profile 12.45 John Paul II—Man of Vision.

ULSTER

12.30 pm Untamed World. 1.20 Lunchtime. †2.45 Friday Matinee: "All for Mary," starring Nigel Patrick, Kathleen Harrison and David Tomlinson 4.13 Ulster News. 5.15 Milestones of Milestones. 5.30 Good Evening Ulster 6.00 Good Evening Ulster. 6.30 Diff'rent Strokes. 10.44 Ulster Weather. 10.45 Witness. 10.50 Counterpoint. 11.20 Benson. 11.50 News at Bedtime.

YORKSHIRE

11.55 am The Undersea Adventures of Captain Nemo 12.30 Hoodoo Country 1.20 Calendar News. †2.45 Friday Film Matinee. "All for Mary," starring Nigel Patrick, David Tomlinson and Jill Day 6.00 Calendar (Emley Moor and Belmont editions) 6.30 Calendar Sport. 11.15 Pro-Celebrity Snooker. 12.00 Mannix.

RADIO

(S) Stereophonic broadcast (when broadcast on VHF)

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates 11.30 Dave Lee Travis 2.00 pm Steve Wright 5.30 Newsbeat 5.45 Roundtable 7.00 Andy P[illegible]. 10.00-12.00 The Friday Rock Show (S)

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Cliff Michelmore [illegible] 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S) including Racing from York 4.00 David Hamilton (S). 5.45 News, Sport 6.00 John Dunn (S). 8.00 Victor Silvester and his orchestra in The Radio 2 Ballroom (S) 8.45 Friday Night is [illegible] Night (S). 9.55 Sports Desk 10.00 The Random Jottings of Hinge and Bracket 10.30 Alistair Cooke: A personal view of popular music. 11.00 Peter Clayton with Round Midnight. 1.00 Night Owls with Dave Gelly (S) 2.00 Star Wars (S). 2.27-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News 7.05 Morning Concert (S). 8.00 News 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer. Edvard Grieg (S). 10.00 Scottish Chamber Orchestra (S) 11.30 Copland piano recital (S). 12.20 pm English Sinfonia, part 1 (S). 1.00 News. 1.05 English Sinfonia, part 2 (S). 1.50 Helen Donath song recital (S) 2.45 Berlin Philharmonic Orchestra (S). *4.00 Choral Evensong (S)* 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 The Romance and the Rose (S). 7.30 Alban Berg Quartet recital from the Broadcasting Centre, Birmingham, part 1: Dvorak, Berg (S). 8.15 A Garden in Italy (short story). 8.35 Alban Berg Quartet, part 2: Schumann (S). 9.15 English Chamber Orchestra concert, part 1: Mozart, Dvorak (S). 10.20 Interval Reading 10.25 Concert, part 2. Mendelssohn. 11.00 News. 11.05-11.15 A Charm of Lullabies (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather, travel. 9.00 News. 9.05 Desert Island Discs. 9.45 A Sideways Look At . . . by Anthony Smith. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News, travel. 11.03 A Warrior I have Been. 11.48 Bird of the Week. 12.00 News 12.02 pm You and Yours. 12.27 Frank Muir Goes Into . . . Health (S). 12.55 Weather, travel, programme news. 1.00 The World at One 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 News. 4.02 Naomi Mitchison: Fragments from a full life. 4.10 Locally Speaking. 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). *11.00 A Book at Bedtime.* 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 John Ebdon. 12.00 News.

FT COMMERCIAL LAW REPORTS

Partnership not registrable for VAT

THREE H AIRCRAFT HIRE v COMMISSIONERS FOR CUSTOMS AND EXCISE

Queen's Bench Division (Crown Office List): Mr Justice Webster: May 7 1982

"BUSINESS" FOR Value Added Tax purposes is an active trade occupation, or profession, continuously carried on; and *although* a partnership, by statutory definition engages in "business," it will not be registered for VAT unless its activities are in the nature of continuous trade.

Mr Justice Webster so held when dismissing an appeal by Three H Aircraft Hire, a partnership, from a decision of the Value Added Tax Tribunal that it was not entitled to be registered for VAT purposes.

* * *

HIS LORDSHIP said that the partnership, constituted by oral agreement, acquired an aircraft which was partly for the use of the partners. As they would not use it much of the time they entered into an agreement with a company which provided aircraft for private hire to suitably qualified pilots.

Under the agreement the company took over the aircraft and hired it out, subject to the partners' rights to use it for their own purposes. It paid the partnership a hire fee related to the length of time that it was hired out. When partners used it, invoices were issued to them and they paid hire charges to the partnership, not to the company.

The management, day-to-day operation, and the maintenance of the aircraft, were left entirely in the company's hands. However, had any serious problems arisen, for instance, if the aircraft had needed a new engine, the company would have referred to the partners for their decision.

The partnership, not having the necessary technical expertise or back-up facilities, did not take any active part in the business of hiring the aircraft to the public; that was done by the company. It did, however, intend to make a profit.

After acquiring the aircraft, the partnership was registered under Schedule 1 to the Finance Act 1972. By section 2(5) of the Act and paragraph 1 of Schedule 1, a person who made taxable supplies was liable and entitled to be registered for VAT. Paragraph 14 of Schedule 1 provided that references in the Schedule to "supplies" were references to supplies "made in the course or furtherance of a business."

The Commissioners decided that the partnership was not entitled to be registered, on the ground that it did not supply the aircraft "in the course or furtherance of a business." The partnership appealed against that decision to the Value Added Tax Tribunal.

The tribunal dismissed the appeal. It adopted the reasoning of another tribunal in *Coleman v the Commissioners [1976] VAT TR 24*, although the decision was not binding upon it. In that case the owner of a pleasure barge, who had never otherwise carried on any trade, hired it out to charterers. They in turn, hired it out to third parties, and paid the owner 45 per cent of the hire fees. He was entitled to hire it from the charterers on the same terms as the third parties.

There the tribunal decided that the supply of the boat by the owner was not a "supply made in the course of a business" carried on by him, because he did not carry on a trade, and his intention was merely to make an investment. It held that "business," for the purposes of the Act, meant an active occupation or profession, continuously carried on.

The tribunal in the present case found the two cases indistinguishable. It held that the partnership was not carrying on a business with its aircraft. In its view, it was an informal and friendly partnership, constituted simply by oral agreements between friends interested in flying. The partnership now appealed against the tribunal's decision.

Before a person was liable or entitled to be registered for VAT purposes, it had to be established (i) that he made taxable supplies; (ii) that he was carrying on a business; and (iii) that he made the taxable supplies in the course or furtherance of that business.

The question in the present case was whether the partnership was carrying on any business. Mr Mathew for the partnership, submitted that a partnership must, by definition, be carrying on a business of some kind.

Section 1(1) of the Partnership Act 1890 provided that "partnership" was the relation which subsisted between persons "carrying on a business in common with a view of profit." It *followed, submitted* Mr Mathew, that as the tribunal found that the present appellants were a partnership, it should have found that the partnership was carrying on a business.

To the suggestion that "business" might have different meanings for the purposes of the Partnership Act and of the Finance Act, Mr Mathew noted that there was little, if any, difference in their definitions of "business." In the Partnership Act, in section 45, it included "every trade, occupation or profession." In the Finance Act, in section 45, it included "any trade, profession or vocation." The only difference was therefore between "profession" and "vocation."

Mr Mathew suggested that unfortunate anomalies would arise if persons were carrying on business for the purposes of the Partnership Act, but not of the Finance Act.

There was no reason why precisely the same meaning should be given to the word in the two Acts. In each Act the definition was inclusive, not definitive. Moreover, a useful test for deciding whether a business was being carried out was the test of "recognisable continuity," set out in *Lord Fisher's case [1981] STC 1.* That was inconsistent with the well-accepted doctrine, applicable to the Partnership Act, that a single adventure could constitute a partnership.

Also, section 22(1) of the Finance Act referred to "persons carrying on a business in partnership." If "business" had the same meaning in both Acts, "carrying on a business" in that sub-section would be otiose.

No doubt in the vast majority of cases an activity either did or did not constitute a business for the purposes of both Acts, but there might be cases in which an activity was a business for the purpose of one Act, and not the other.

Colcman was therefore not distinguishable, as Mr Mathew submitted, on the ground that the boat-owner there was not a partnership.

Mr Mathew also submitted that *Coleman* was distinguishable in that the boat-owner was an investor, whereas no such finding was made in the present case.

It was neither necessary nor desirable to categorise the various activities which did not constitute a business. A person might acquire, use or dispose of a chattel for investment, or as a hobby, or a combination of both, or as a means of subsidising or covering the cost of acquiring and owning the chattel. If it was not by way of business, the way *in which he acquired*, used or disposed of the chattel was immaterial.

Accordingly the fact that the tribunal made no expressed finding that the partnership was an investor was not sufficiently material to distinguish the present case from *Coleman*. The tribunal was fully justified in adopting its reasoning.

Appeal dismissed.

For the partnership: R. K. Mathew (Hammond and Co.).
For the Commissioners: D. P. Friedman (Solicitor, HM Customs and Excise).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

BRITISH racegoers get their first chance today to see Cash Asmussen in action when the 20-year-old former East Coast champion of America rides against Willie Carson in a match sponsored by Robert Sangster and Captain Marcus Lemos at Newbury.

Although Carson's mount, Turn Back The Time, has to give 21 lb to Rekal in this 10-furlong match, for which the £1,500 sidestakes of Captain Lemos and Mr Sangster will go to the Animal Health Trust, he should be up to the task.

For the afternoon's most valuable race, the Sir Charles Clore Memorial Stakes, backers may well come off best by siding with another Carson mount, Hula Ruler. This good-looking Newmarket Oaks hope, trained by Luca Cumani, came third on her racecourse debut behind Sing Softly, and Cornish Heroine in Newmarket's Pretty Polly Stakes.

Newmarket today sees an unusual programme. The entire race card—with the exception of the Bradon Stakes — is devoted to races sponsored by companies in the information technology industry.

The feature of the afternoon's proceedings, which should get under way at 2.30 with the IT Information Technology Selling Stakes, will be the Philips Business Systems handicap. Here Francesco, a top-class handicapper owned by Italy's leading lawyer, Mr Carlo d'Alessio (who, incidentally, will be representing Carson in a few days' time) looks another one for Piggott. The six-year-old gave the champion jockey an armchair ride in a mile and five furlongs handicap at Nottingham recently.

NEWBURY

2.00—Turn Back The Time**
2.20—Ridge Heights
3.20—Hula Ruler***
3.50—Video King
4.50—Jacquinta*

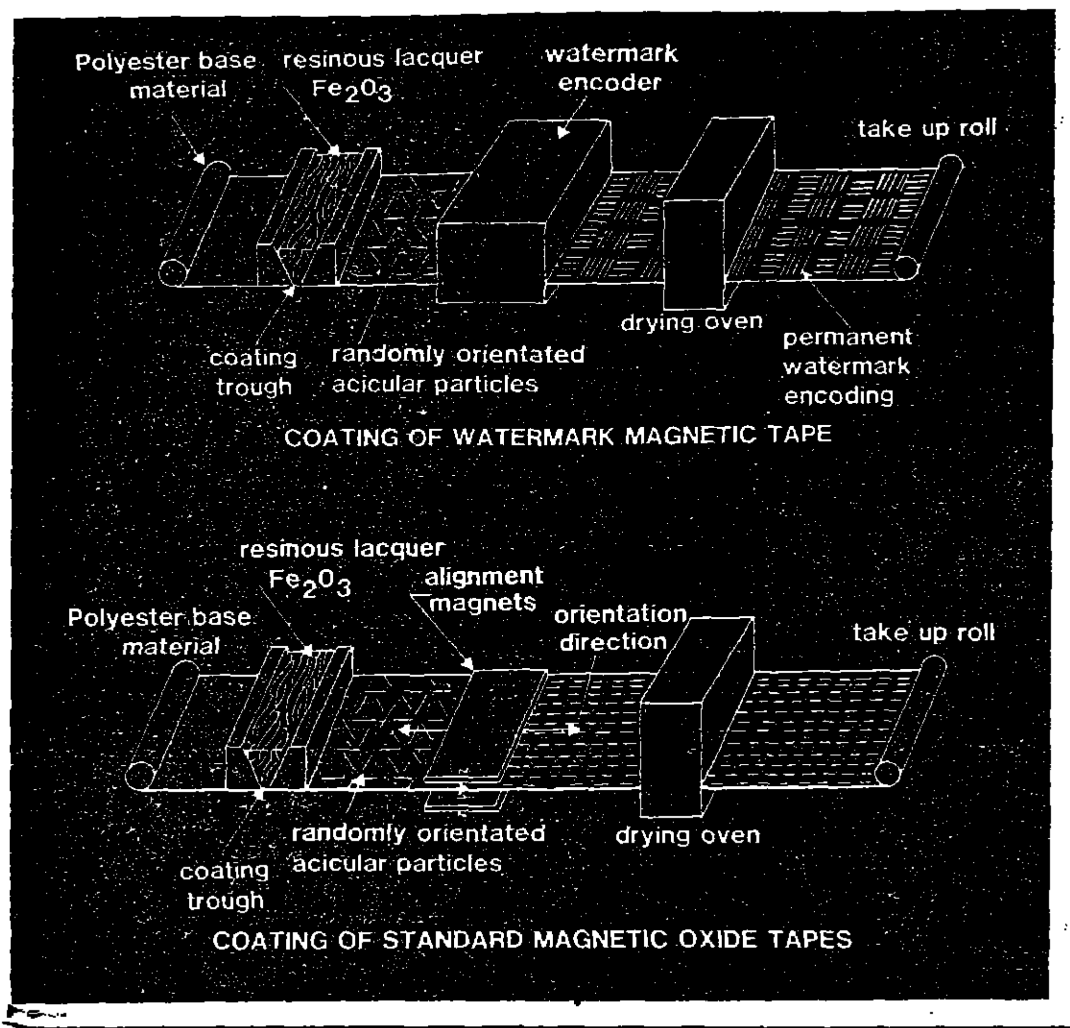
NEWMARKET

2.30—Northern Report
3.00—Lady Liango
3.30—Francesco

TECHNOLOGY

EDITED BY ALAN CANE

Magnetic encoding may dispense with cash in hand



BY GEOFFREY CHARLISH

WHO HAS never found himself without 5p for the phone or 10p coins for bridge tolls, car parks or vending machines?

The problem may soon disappear if a new idea from Thorn-EMI catches on.

Although credit, cheque, cash dispenser and premises access ID cards are familiar enough, the ubiquitous plastics oblong has not, so far, been considered secure enough to be used as a direct replacement for coin of the realm.

Most of the systems in use at the moment are either on line (as with cash dispensing, to the user's bank account) or are very soon related to it, as with credit cards.

The move now, however, is to substitute the card for actual cash and Britain's main proponent is Emidata Systems of Windsor, which has developed an approach based on its recently developed Watermark Magnetics, a highly secure magnetic encoding system: and since such a card may be worth £50 or so, it must obviously be tamperproof.

Money value

Emidata is calling it the Currency Card and the idea is simple enough. When issued, the special magnetic stripe is encoded with its initial monetary value. To use the card, the owner simply inserts it into a slot to initiate the transaction.

The equipment reads the value of the card, deducts the cost of the goods or services supplied, recodes the card's magnetic stripe with the new value and then returns the card through the slot.

According to Emidata, the present forms of encoding are not tamperproof. It is possible, says the company, to "lift" the information off the stripe and lay it down again on some other card—in the U.S. there are apparently devices sold specifically for the purpose.

Emidata's WM encoding prevents such activity by laying down on the magnetic stripe during manufacture a magnetic pattern which is said to be quite unalterable by any magnetic means.

The pattern becomes related to the subsequently encoded monetary data in a particular way. Thus, any attempt to lift the money data and use it elsewhere will fail, because in the new location the two will no longer be in proper relationship.

Technically, this results from the way in which the tiny magnets of the tape iron oxide are oriented. During the wet part of the coating process many of the elements are fixed in to the "watermark" pattern by a pulsed recording head.

When the dry tape emerges these elements are physically locked in position and cannot be moved by any subsequent magnetic field. Some, however, are unaffected by the process and remain free to take magnetically recorded data in the usual way.

The watermark coding extends across the full width of the magnetic stripe and through the full thickness of the oxide layer, but does not interfere with the recording and reading of normal data.

The relation between watermark and monetary data is, in fact, an encryption process that is virtually impossible to decode or emulate without specialised Emidata equipment.

So the company feels that the card can carry quite high values in the knowledge that it is intrinsically protected against misuse or fraudulent reproduction.

Hardware that can be easily used inside vending machines, toll gate units or phone boxes, consists of a motorised card reader with an electronic transport controller and a microprocessor-based read/write unit.

In operation, the card is read during the insertion pass and the decoded data stored in memory during the transaction. Appropriate monetary deduction is made and recorded on the card during the exit pass.

Available as a compact OEM unit, the hardware occupies no more space than most existing coin box mechanisms. Indeed, the unit can be supplied as a plug-compatible alternative to a standard coin channel, offering quick and easy exchange. In addition, it is technically possible to construct a combined coin and card system if the OEM company needs it.

Emidata says, that the cost of each card will be 10 to 12 per cent more than conventional credit cards and that the reader mechanism "will be price competitive" with coin mechanisms.

There are two distinct advantages for the retailing organisations using the system. One is that coinage transportation vanishes—and the Mersey Tunnel authorities, for example, can collect some two tonnes of coins on a busy day.

The other is that the company gets its money in advance. The card user has to pay up in advance, of course, and it is expected that he will therefore be offered a discount on the multiple payment total he would otherwise make.

Emidata has already to come to an agreement with four companies for the incorporation of currency card equipment in their systems.

One of these is Autelcard, a Berne company making public payphones. In the UK market it will not be alone since Landis and Gyr already have an optically based unit on trial with British Telecom at places such as main line rail termini and airports.

Roboserve of Greenford, the vending machine company, will also be using the card, calling it Valu-Card. The usual selection of items such as chocolate bars or sandwiches will be made by the user, who simply uses his card instead of money—it should prove a popular idea with employees in big companies where these machines are numerous and where there is often a dearth of change.

Automatic Revenue Controls of Watford has incorporated the system into the Mersey Tunnel toll gate and is now examining it for other areas such as mass transit systems, leisure centres and factories.

The cards might become cheaper, too, since Norprint, leading label and ticket suppliers, are developing paper based rather than plastics versions of the cards.

Intelligence added to range of analysers

OXFORD ANALYTICAL Instruments has added intelligence to its well known range of X-ray fluorescence analysers. The result is a series of machines which are small, neat and easy to operate.

The cluster of switches and knobs which bedecked the earlier range have given way to the kind of keypad which characterises microprocessor driven equipment these days.

The price is about £10,000, about the same as the previous generation of equipment but it is expected to fall with volume sales.

The principle of X-ray fluorescence analysis is old established. A radioisotope is used to irradiate a sample; energy changes in the nucleus of the atoms under investigation result in X-rays being emitted which are picked up and counted using a system of sensors and electronic circuitry.

The new analyser is expected to be used by those industries already making use of the previous range: oil, petrol, plastics and mining.

The list of users of Oxford equipment includes British Petroleum, Esso Chemicals, Blue Circle Group and the National Coal Board.

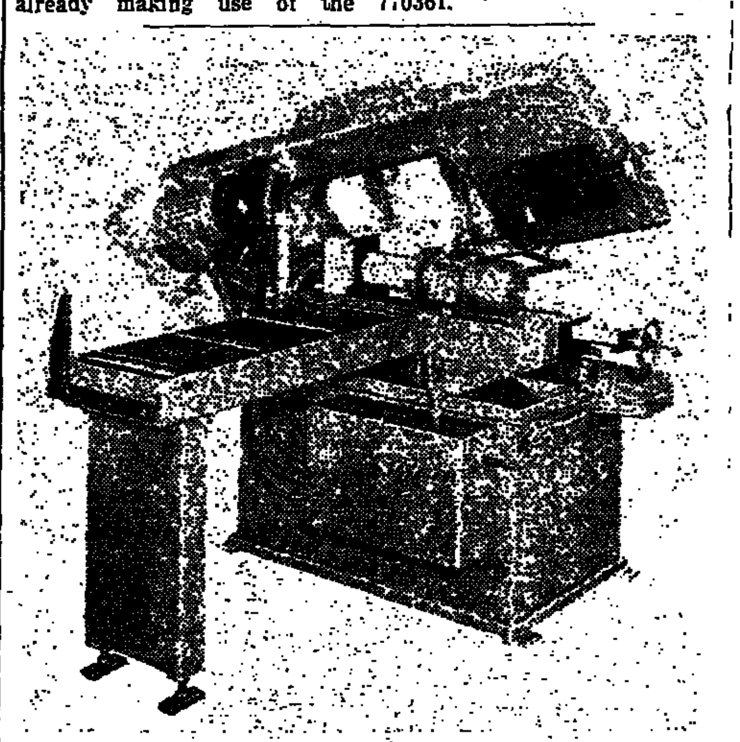
They are being used to track lead levels in London dust.

The microprocessor control which distinguishes the new X-ray analysers are similar to those used in Oxford's other principal product line, the nuclear magnetic resonance analyser.

Mr Barrie Marson, managing director of Oxford Instruments, said this week he was anxious to add a third string to the company's bow.

It was unlikely the company would start development of a new analytical product from scratch; he was interested in acquiring a company with skills complementary to the existing members of the group.

More from Oxford on 0865 770361.



Bandsaws from Startrite

BANDSAWS for either vertical or horizontal use designated the Startrite H175 and H250A (illustrated above with an optional in-feed roller table) have been introduced by the Startrite Machine Tool Company, a member of the 600 Group.

The H175 has a horizontal capacity of 178mm x 280mm at 90 degrees and 130 mm diameter at 45 degrees. Vertical capacity is 320 mm height under guide and 200 mm throat depth. The machine offers three blade speeds of 18-30-48 m/min. Band wheel diameter is 280 mm. Power is provided by a single phase threequarter hp motor.

The H250A is a 250 mm diameter capacity model, powered by a three phase 2 hp blade drive, a quarter hp hydraulic pump and quarter hp stock feed motor. Band wheel diameter is 355mm and there are five band speeds of 15-24-38-61-92 m/min.

It can cut stock to predetermined lengths from 0.5 to 600 mm. Full details from Startrite at 625, Princes Road, Dartford, Kent. (03222 8538).

Fused silica winner

If you have an electric fire in your bathroom with one of those transluscent solid glowing elements, or use such infra-red heaters in an industrial process, the chances are that the element, actually a tube of fused silica, was made by Thermal Syndicate of Wallsend, Tyne and Wear.

For a new process the company developed to make these tubes, it was recently a Queen's Award winner.

TSL supplies a significant proportion of the world market for transluscent fused silica tubing, which has been made traditionally by a multi-stage process involving the production of an ingot and its conversion in a secondary fusion process to produce the final tubing.

Losses occurring at each stage and hour labour and energy costs, meant that this process was becoming uncompetitive in some markets.

The new process involves a single stage fusion, to give a saleable product with no intermediate stages. Refined silica sand is continuously fed into an electrically heated furnace and tubing of the required size is drawn directly from the melt.

Major advantages over earlier processes include economy of raw materials (little of the glass is lost and the yield of tubing is high), reduced electrical energy use, lower labour content and better process control.

In addition, the working environment has been greatly improved because the new process avoids the emission of noxious fumes, the handling of hot ingots and the mechanical grinding processes that were called for in the previous process.

TSL is the largest maker of vitrous silica products in the UK and ranks as one of the most important in the world, with wholly owned subsidiaries in Germany and the U.S.

The material it makes is particularly important in heating technology because it is chemically inert, stable at high temperatures, and able to withstand sudden changes in temperature.

Thermal expansion is low, electrical resistance high (enabling an internal heater winding to be easily held in a tube) and above all, it is transparent to infra-red radiation.

G.C.

FINANCIAL TIMES SURVEY
Friday, May 14, 1982

MILTON KEYNES

Heading towards the targets

NEW ROADS carve through the Buckinghamshire countryside and gaunt buildings rise out of once green fields as Milton Keynes' planners press ahead with their aim to create a new city of 250,000 people.

The population, already more than 100,000, is growing at a rate of up to 7,000 a year. In spite of recession, housebuilding is nearing record levels. The city boasts "the largest covered shopping centre in Europe" and factories are going up apace. Companies are being attracted, many from overseas, and new jobs created. Now, with more than 400,000 sq ft of new offices either completed or under construction, the city is staking its claim as a major regional office centre for commerce.

Such progress is the more remarkable given the controversy

Survey written by
Arthur Smith
Midlands Correspondent

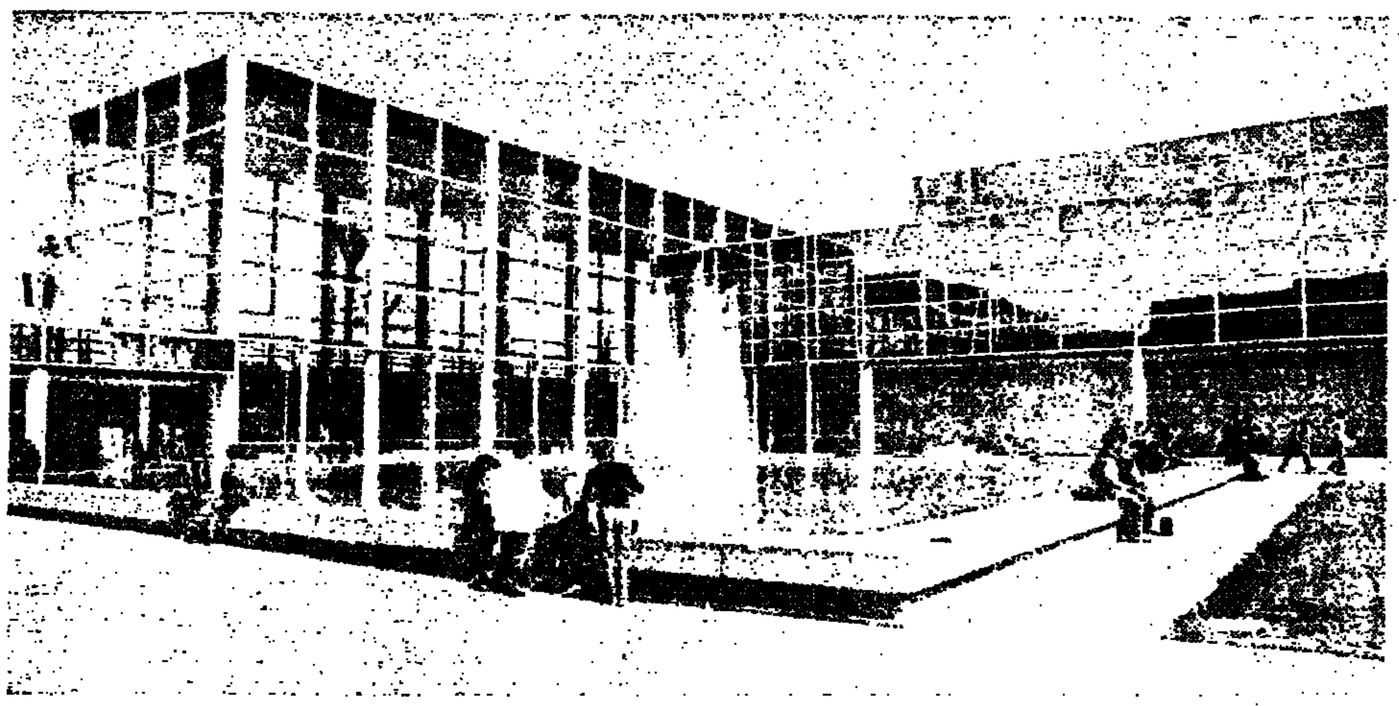
and questions raised about Milton Keynes since planners in the optimism of the early 1960s suggested a new city to act as a "countermagnet" to London with the dual purpose of easing the pressure of population and jobs in the South-East. The assumptions of economic growth and population expansion upon which the plans were based have changed but Milton Keynes goes on.

Cynics might suggest that the development corporation, with a greenfield site was always on to a winner. So many public resources had to be committed in advance in the form of roads and other facilities that any government which called a halt would be saddled with the permanent political embarrassment of state funds wasting in the fields of Buckinhamshire.

But much of the success of Milton Keynes must rest with the development corporation's chairman, the colourful Lord Campbell—a man who from childhood in a castle in Ireland, went through Eton and Oxford to play a reforming role in the sugar plantations of the West Indies. He remains a committed member of the Labour Party.

Lord Campbell retires shortly after 16 years in the hot seat at Milton Keynes during which period governments and ministers have come and gone. He is modest about his contribution. "We have had a powerful and influential board that knows a good deal about political in-fighting, which battles to fight, and when to live to fight another day. We know where we are going and nobody is going to stop us."

Milton Keynes since its designation in March 1967 has been the subject of numerous reviews by central government but the biggest threat came in 1976 when Mr Peter Shore, Environment Secretary in the Labour Government, spelt out the need to concentrate resources on the inner cities. There were audible sighs of relief from Milton Keynes when he subsequently announced in fairly bland terms that the development corporation would be necessary only until the city reached a population of 180,000 to 200,000, which was likely to be achieved by the end of the 1980s.



VISITORS AND FOUNTAIN AT THE SHOPPING CENTRE

Today's opening of the new railway station is another landmark in the development of one of Britain's last New Towns. Despite the recession, housebuilding is at near record levels and industry is achieving real growth. And the population is climbing steadily.

The city scored again when Mr Michael Heseltine, the current Conservative Environment Secretary, came to a similar conclusion in February last year. Planners are still working to a long-term target of 250,000 population. The timescale and the exact date at which the development corporation is to be wound up have been fudged.

Perhaps the best illustration of Milton Keynes' ability to tack with the political tide has come in the past couple of years. The new city, if anything a symbol of state intervention and dirigiste planning, provides a sparkling example for the Conservative Government of how best to harness private enterprise and initiative.

Private investment has been attracted on a remarkable scale to compensate for the cuts in public spending enforced since May 1979 under the present Government. Mr Frank Henshaw, general manager of the development corporation, reports that private funding has more than trebled over the past four years to £80m a year.

The most spectacular turnround has been in housing, where the development corporation's building programme of more than 2,000 homes a year has been stopped in its tracks. Those already programmed will be completed but no new building is planned. The gap is being filled by private housebuilding—a sector extremely depressed in other parts of the country.

"In Milton Keynes developers have responded well. They are building like there is no tomorrow," enthuses Mr Allen Duff, the commercial director. The corporation set a target of 1,000 private houses in the financial year that has just ended and overshot by nearly 20 per cent. There are hopes that this year's aim of 1,200 houses will also be exceeded.

In addition, the corporation is pushing shared ownership schemes and wants 750 such homes to be completed within the next 12 months. Under the schemes aimed at reducing the initial cost of home ownership purchasers can buy anything from 30 to 70 per cent of the equity in the house and pay rent on the balance.

Local estate agents report that house prices in Milton Keynes, contrary to national trends, rose by about 6 per cent last year. They attribute the interest of private developers to the steady flow of land coming on to the market, the rapid growth of population and jobs, and perhaps most importantly, the new-found confidence in the city.

Mr Derek Saban, a banker and president of the Chamber of Commerce, argues that the city has met the recession stronger and more self confident. "Things had gone so well for the city through 1978 and 1979 that there was a feeling of elation. There was also a fear that we might be talking each other into how good things were—that the bubble might burst."

In the event, Mr Saban says, while companies did shake out labour and there were some closures, industry achieved real growth. "We might have gone through a slight downturn but it is nothing like that suffered elsewhere."

A key to the momentum that the new city has established is the success of the 1m sq ft covered shopping centre opened less than three years ago. Most of the big retail names have been attracted to the centre and shoppers are pulled in from a wide area—some travelling for up to 90 minutes.

The shops are conventional but the setting dramatic. Glass-covered walkways decorated with palms, cacti and other exotic shrubbery stretch for a quarter of a mile. The flat shopping complex, surrounded by thousands of car parking spaces, has an atmosphere of its own—a combination of the functional with the eerily futuristic.

Mr Duff is now able to laugh at the cynics who forecast that the project would be an expensive white elephant. He recalls how he sold the scheme to fund managers. "I used to drive them out across the fields in a Land-Rover and say: "There's the site. How do you want to spend your millions'."

Lord Campbell also remembers those who forecast that the centre could be a ghost town. But he adds: "I have got strong nerves—the courage of my convictions."

The visit of the Queen to officially open the centre in

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CONTENTS

The city seeks vital role in Information Technology

Luring IT, the new industry

MILTON KEYNES in the year dubbed by the Government as "information technology year" is pushing itself as the national centre of excellence for new technology. IT (information technology) the vogue term for computer-based products that store, process and pass on information is a big new industry for which Milton Keynes is particularly suited says Mr Frank Henshaw, the general manager of the Development Corporation. The corporation is setting the pace by establishing what it maintains is a unique information technology exchange which will open in the autumn within the new railway station complex.

Mr Eric Bird, a computer expert, has already been recruited from the private sector to head the operation. Advice, information and training will be given to help local businessmen and to gain a share of the new industry for Milton Keynes.

Mr Bird, a chartered secretary, senior executive with ICL and computer consultant, joined Milton Keynes from the National Computing Centre, an independent advisory service set up by the Government. He opened the micro-computer centre in London last year, one of 20 exhibition centres planned throughout the UK.

Mr Bird hopes Milton Keynes will be chosen for one of the exhibition centres but points out that the exchange will have a much broader role. "The prime objective is to attract business to Milton Keynes," he says. The aim was to make local industry aware of the benefits of IT—"IT makes a company more profitable." Also there was a need to attract the providers of IT to the city.

Head start

Milton Keynes already has a head start, he maintains, to the extent that about 100 companies with connections with the industry are trading from the city. Representatives range from Burroughs, one of the world's largest computer companies, to one man operations.

Mr Bird says that there are four main business applications for it: ledger-keeping (routine administration of accounts), financial modelling (sales and profit projections), word processing (pushing out letters), and the storing and retrieval of information.

The exchange will provide basic information, education and training in the use of such systems. Consultancy services will be offered along with facilities to rent or test systems. IT suppliers will also exhibit their products so that businessmen know what is on the market. The exchange, to maintain impartiality, will not be involved in the retail end of the business. It will, however, charge for service given and the aim is to achieve breakeven for the operation within three to four years.

The immediate emphasis will be upon helping business, but Mr Bird believes that the exchange may eventually offer a service to the general public. "In the not-too-distant future the combination of the computer, telephone links and the television set has considerable potential for education and leisure use."

He foresees IT systems being used for purposes such as remedial education for teaching, evening classes for adults or leisure pursuits for the unemployed.

Milton Keynes has always had an eye for technological change. All houses built since the late 1960s have been linked to a city-wide co-axial cable system. British Telecom is now carrying out a pilot scheme using fibre optics to transmit television programmes.

The Development Corporation, in association with the Department of Industry, is also promoting the use of IT within the home. A show-house on a private estate will be opened later this year to demonstrate the possible applications of IT which might be common in the average household within five years.

Services likely to be fitted include controls over lighting, heating and energy consumption, entertainment guides, links with the office and facilities for home shopping and banking.

Heading for targets

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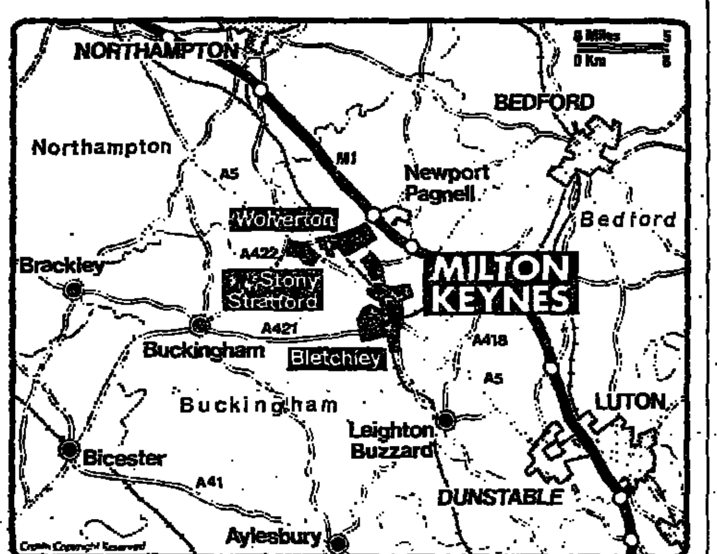


June 1979 had a catalytic effect, he says. "Thousands of people turned out. I am not a great monarchist but the Queen was magnificent. I was spellbound. From that moment Milton Keynes gelled."

The shopping complex has provided a focus for the new city, diverting attention from the previous local centres of Bletchley, Wolverton and Stony Stratford. Equally important to the city has been the influx of important industrialists and the creation of a balanced and diversified local economy.

Major companies recruited include Rank Xerox, Tesco, Hoechst and Coca-Cola. The aim has been to attract a spread of companies in order to avoid dependence on any large employer or industry, with the emphasis put on high-technology growth sectors.

Milton Keynes, just 50 miles north of London and astride the main motorway and rail networks, has been quick to advertise its accessibility to consumer markets.

To press home the city's advantages this year, the development corporation is setting up what it maintains will be a unique information technology exchange. A full-time manager has been appointed with the aim of attracting newcomers and educating local industry to the management potential offered by combining the resources of the computer, telephone links and the television screen.

The corporation, in an analysis of future growth industries, identified changes in office equipment and products as an important sector and believes the exchange could give Milton Keynes the chance to establish itself as a leading centre in the UK.

The city's claims are advanced by the fact it has already attracted leaders in office equipment such as Burroughs, Olivetti, Telephone Rentals and Minolta.

The exchange in the short term will be located in offices linked to the new railway station, which opens today. The station, one of the few new terminals to be opened this century, is expected to help establish Milton Keynes as an important regional office centre. A regular train service will put Euston within 40 minutes of the new city centre.

Mr Duff is predictably confident that the city will attract large tenants. Milton Keynes confounded the sceptics to establish itself as an industrial and retail centre, he says. Over the past year with the national economy in deep recession, the development corporation had let more than 500,000 sq ft of industrial space. "If we can do that during the downturn, what will Milton Keynes do when the economy picks up?"

Use of shopping centre widens

MILTON KEYNES took a risk when it decided to press ahead with a 1m sq ft retail centre rather than phasing the project as originally planned. A population of only 100,000 hardly justified shopping on that scale.

Fortunately, the move paid off. The project was funded privately and the city has quickly established itself as a regional shopping centre with most of the best-known retailers represented.

A survey just published by the Unit for Retail Planning Information concludes that the centre is "a major regional attraction." The survey points out that on a Saturday, trade is drawn from well outside the city with some people making a journey of 90 minutes or more to use the shops.

The number of visits made to the shopping centre has jumped 40 per cent over the almost three years since it opened, doubling on some weekdays. Saturday shopping still accounts for 32 per cent of all visits but there is now a much smoother pattern of trading across the week. While shoppers tend to spend no more in real terms on each visit, the growth in use of the centre has pushed up turnover.

Milton Keynes is clearly competing with other nearby centres such as Northampton, Bedford and Luton, though no statistics are available to identify what impact the new city is having on its neighbours. Indeed, in a time of recession it would be impossible to assess whether takings had changed merely because of reduced spending power.

The retail planning unit's survey does highlight one aspect which the authors say appears to be related to the increase in unemployment and a reflection of changes in the national economy: a lower proportion of shoppers using the centre come from semi-skilled and unskilled manual households.

Visitors tend to be much younger than the national average with half of them under age 35. The large proportion of shoppers from white-collar households and the very high levels of car ownership indicate that Milton Keynes shoppers are both more affluent and more mobile than the national average.

Free parking

The free parking around the shopping complex is an obvious advantage for Milton Keynes over surrounding towns. The average time visitors spend parking the car and walking to the centre is put at only 4½ minutes.

Shops in the centre are in demand. Only one or two small units remain unlet and that is because of restrictions imposed by the development corporation in order to obtain the required spread of retailing.

Developers are interested in further retail projects—there is thought to be demand for a hypermarket and large discount store. Sites are available near the city centre but the development corporation undoubtedly will want any project to complement and support the success of the present complex rather than act as a counter-magnet.

The clear hierarchy of shopping for the new city laid down 15 years ago in the master plan—local shops, district centres and the main centre—has been blurred by changes in retailing. A large supermarket then was 10,000 sq ft—now it is 50,000 sq ft plus.

The town of Bletchley, which serves an area of about 30,000 people in the south of Milton Keynes, acted for seven years or so as the temporary main centre. During that period the Brunel Centre of about 20 shops was built but the lid was kept on development to prevent it emerging as a rival to the planned new complex. Bletchley now has reverted to its position as traditional district centre.

Two other district centres of similar scale, one in the east of the city and one in the west, were originally planned. But it now seems likely that the development corporation will proceed on a more pragmatic basis, trying to balance local shopping requirements and the demand for more specialist services. The case for locating any hypermarket away from the central area undoubtedly will be considered but its effect on other retail patterns would be important.

Another issue for the development corporation is the provision of commercial leisure facilities such as hotels and restaurants. Mr Frank Henshaw, the general manager, points out that the city has three large and successful sporting leisure centres but is weak on amenities provided by the private sector. "That is going to be a top priority over the next few years," he says.

Ron Craggs with some of his computers. He has just moved to a bigger factory for the second time

PROFILE: PERICOM

Flexibility pays off

MR RON CRAGGS at the age of 28 moved to Milton Keynes to set up a three-man business supplying the computer industry. Expansion has been rapid. Seven years later, he has just moved into a bigger factory for the second time, employs 83 workers and has a £4m a year turnover.

He estimates that it may be another three years before he outgrows his present 28,000 sq ft factory on the Blakelands estate but is convinced rapid growth will continue. Mr Craggs was sales director of a Croydon company distributing components for the computer industry when he decided to join with two colleagues to set up his own company, Pericom. "That was in 1975," he said. "Initially we distributed other people's brands but the aim was to design and make our own products."

Pericom started as a supplier of micro-processor based computer terminals but now offers a complete range of systems suitable for all types of business application, Mr Craggs maintains.

He took a 3,500 sq ft unit in the Kiln Farm estate in 1976 but expansion forced him to switch to a nearby 12,000 sq ft unit within two years. Why, given the choice of the UK, did he establish his company in Milton Keynes?

"The electronics industry is concentrated in London and the north. Operating from Croydon I was tired of the journey across London to get to my customers. The ideal location was to the north of greater London but with easy access to the capital."

He was looking for a developing area with space immediately available. "I made one visit to Milton Keynes and that was it. The unit was ready and I completed the formalities and moved in within four weeks."

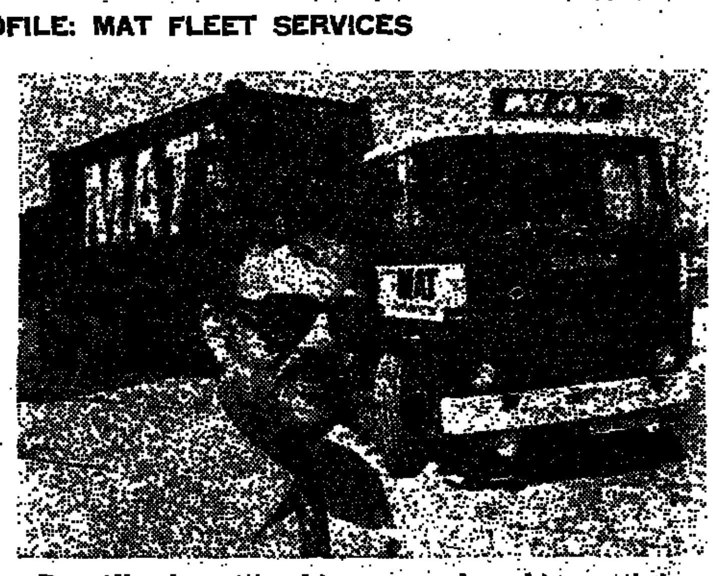
In Croydon rents would have been higher and labour more difficult to recruit, he says. "Nobody wants to know you when you start up in business but Milton Keynes was prepared to take the risk."

Also important to the development of Pericom, Mr Craggs says, has been the flexibility to move quickly into larger premises. "It has been possible to keep overheads to the minimum and expand when the market justified a move." The development corporation in order to encourage the growth of new companies allows them to surrender their lease without a penalty and move elsewhere in the city.

Mr Craggs maintains that in the recruitment of labour he has never had to look outside the immediate area of Milton Keynes. "In the early days when we were a new company it was more difficult but we have found local people are able to meet even our specialist requirements."

PROFILE: MAT FLEET SERVICES

Finding the right strategy



Ray Allcock: putting his money where his mouth is

MAT Fleet Services, the road haulage division of an international company, attributes its survival to a rationalisation programme that involved a move to Milton Keynes. Mr Ray Allcock, the chief executive, says: "Not only have we survived the recession but we have transformed a thumping loss into a profit."

The company with a £4.5m a year turnover is now able to offer lower haulage rates than two years ago and still trade profitably in spite of a 30 per cent drop in the volume of business and a rapid rise in costs.

Three years ago as a management consultant with an outside firm of transport specialists, Mr Allcock was called upon by MJLQ to recommend a strategy for the loss-making road haulage division. He advised concentrating the southern operations; then spread over three depots at Felixstowe, Peterborough and Cowley in one site at Milton Keynes.

He says his recommendation followed a detailed study of motorway links, traffic density and legislation covering the working hours of drivers.

"MAT then as good as told me to put my money where my mouth was and appointed me as chief executive to carry out the strategy." Mr Allcock laughs, "fortunately for me and them it has worked."

The headquarters of MAT Fleet Services is now based at Milton Keynes with responsibility for two other depots at Hull and Manchester. Management control is from Milton Keynes rather than from the London headquarters of the group, which has a £70m turnover in freight forwarding, packaging and security transport.

Manpower of the road haulage operation has been cut from 165 to 116, mostly by natural wastage. Mr Allcock reports that most of the 50 employees at Milton Keynes have been moved from other parts of the operation. "The ready availability of housing had made the transition easy," he says.

PROFILE: DEVELOPMENT CORPORATION

Selling to Japan and U.S.

PROMOTION of Milton Keynes is big business. Last year the city spent £650,000 on advertising. This year it is likely to be £750,000. But the Development Corporation knows which markets it is aiming at and why.

Mr Mike Russell, aged 50, an electronics engineer with international experience as a management consultant, has been recruited from the private sector. His task is to sell Milton Keynes to the Japanese. The approach, however, will not be through glossy advertisements but personal contacts.

"Japan is likely to be placing a lot of new investment in Europe over the next few years. It may start as a sales operation but will probably result in local manufacturing. Japan has a lot of good management. If you cannot beat them we might as well join them," Mr Russell argues.

Greenfield sites

Milton Keynes, with six Japanese companies including Minolta already operating from the city believes it has something to offer—greenfield sites, good labour relations and rapid access to consumer markets.

But Mr Russell makes clear that the city is not bidding for projects such as the proposed Nissan car plant that might be located in the UK. Milton Keynes would not want to be dependent upon such large-scale operations but would expect to benefit from the spin-off contracts.

Mr Russell believes the way to win the confidence of the Japanese is through establishing good contacts and building personal relationships. He talks regularly to companies already operating in the UK and to the Japanese banks and trading houses. "We also have a liaison officer in Tokyo who looks after us on a part-time basis."

Mr Russell stresses the need to visit Japan for a two-week stay at least twice a year. "Then it is a question of meeting people on a first-hand basis and telling them what we can offer and what are the benefits of Milton Keynes."

Mr Russell, apart from his Japanese duties, heads up the Development Corporation's "target marketing group." This body of 11 specialists has the task of identifying growth sectors as well as of establishing Milton Keynes' claims to play a role in realising that expansion.

He says that the group spotlights sectors such as electronics, plastics processing and pharmaceuticals particularly suited to the facilities offered at Milton Keynes. "We would not be interested in heavy engineering because of the environmental problems of noise and pollution," he says.

Further detailed research is done on likely market trends so that officers of the Development Corporation can hold informed discussions with individual companies. "We go and talk to companies whether they are considering a move or not. We warn them to have Milton Keynes in mind for their future planning. We try to establish an on-going dialogue. We have got to demonstrate we know what their problems are."

Apart from Japan, Milton Keynes is also making a set for the U.S. as an important source of new investment. Mr Russell points out that while Milton Keynes has been successful in recruiting companies from Western Europe there was an obvious attraction to manufacture locally and export rather than move to the UK. "The potential for new investment from Europe is negligible compared with what is on offer from the U.S. and Japan."

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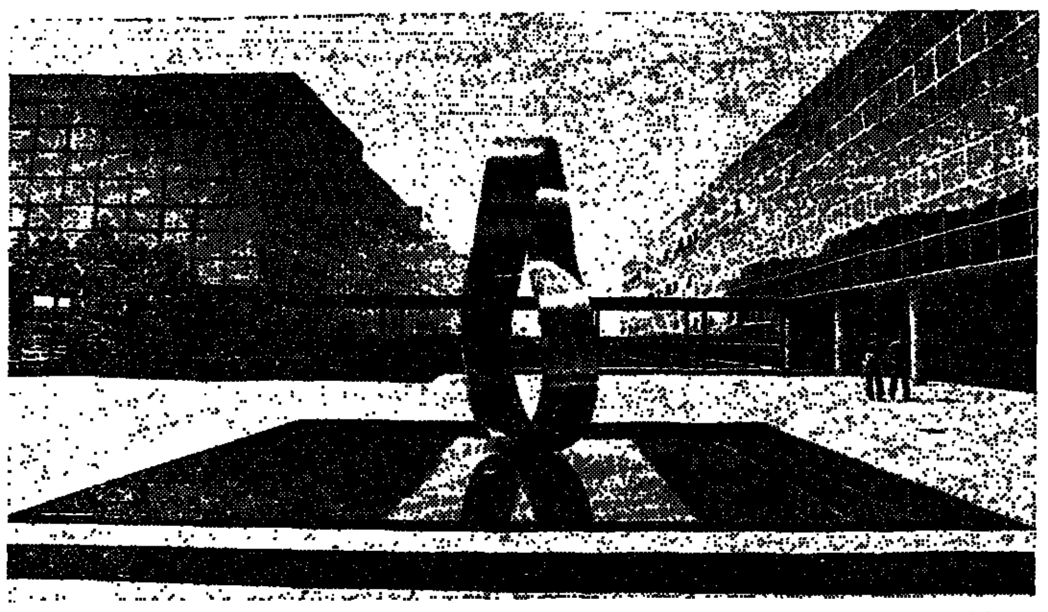


Ashton House and Norfolk House, above, were let over the past two years. Now more office developments at higher rents are coming on the market

Crucial test coming for a new centre

Drive for office space

MILTON KEYNES faces a crucial test over the next few months in trying to establish itself as an important provincial office centre. *More than* 400,000 sq ft of speculative space is either available or nearing completion in the central area of the city.

Availability on that scale marks a dramatic increase. Just four years ago there was only the 80,000 sq ft Lloyds Court building in the central area. That was followed by the 150,000 sq ft civic offices, much of which was occupied by Milton Keynes borough council.

Ashton House, 66,000 sq ft, and Norfolk House, 70,000 sq ft, were let over the past two years at rents of between £4.50 and £6.50 a sq ft. Now a series of developments is coming on to the market with rents asked for of £7 a square foot plus.

The central offices close to the shopping centre and to the new railway station are a separate prime market. There is about *750,000 sq ft of accommodation* in the designated area, either in existing centres such as Bletchley or on campus sites or as part of industrial developments. Rents there will vary from £3 a square foot for older accommodation to perhaps £4.50 a square foot for small suites.

An important boost to Milton Keynes' claims as an office centre has been given by the pre-lets already achieved. Sentry Insurance has moved from London to the recently-completed 82,000 sq ft Sentry House. The Abbey National Building Society is building a 150,000 sq ft block for its new computer centre due for completion early next year. The Institute of Chartered Accountants is developing a 30,000 sq ft office in order to move part of its administration from London.

The opening of the new railway station giving a train service within 40 minutes of Euston, is seen as the key to the office market. The development corporation is looking for and confident of getting a single tenant for its 140,000 sq ft central station block due for completion in June.

Mr John Edwards, office agency manager for the development corporation, argues that a rent of £7.50 a sq ft combined with rates of less than £2 a sq ft must make the building attractive for companies seeking to move from London. The fast train service will also give access for office staff at points along the line.

Ideal

The Development Corporation on behalf of Norwich union is looking for a single tenant for its 82,000 sq ft Saxon Court development, due for completion this summer. The three-storey fully air-conditioned building is described as an ideal company headquarters but is capable of sub-division into smaller units if necessary.

Local agents maintain that the city's success in establishing itself first as an industrial location and subsequently as a sub-regional shopping centre, *enhance its attraction for* offices. The development corporation argues that the property now coming on to the market is important because for the first time the city is able to offer a wide range of office accommodation. Developments in the central area are geared to meet the demands not only of outsiders but of growth by local industry.

Mr Edwards says that the city's advantages have now been acknowledged. "Four years ago we would not have found our way onto the short list of major *companies considering* relocation. Now it is almost automatic."

Demonstrating its confidence for the future, the development corporation plans to start work later this year on another 75,000 sq ft block near to the railway station and due for completion in spring 1984. Mr Edwards insists that the Milton Keynes market should be strong enough to absorb about 150,000 to 200,000 sq ft of new offices each year for the foreseeable future.

Estate agents, while not doubting the logic of the development corporation's strategy for the moment, are cautious about the timescale of *office expansion. They are* prepared to await developments before passing judgment on the corporation's bold plan for a central business exchange—"an office complex more advanced in its concept than any of its competitor sites in Britain or Europe."

The idea is to start work at the end of next year on the first 400,000 sq ft phase of a 1m sq ft plus complex. Tenants would enjoy the benefits of the latest in business and communications systems, specialist shops, services and conference facilities. The complex would embrace hotels, restaurants and other leisure amenities. Mr Edwards says talks with the institutions about the first phase of the project have already opened.

PROFILE: LORD CAMPBELL

Chance job that paid off

LORD "JOCK" CAMPBELL retires this year after 16 years as chairman of Britain's most controversial New Town. At the age of 70 how would the man responsible for guiding Milton Keynes to a city of more than 100,000 like to be remembered?

He smiles over his half-moon spectacles: "I do hope they don't name anything after me. We are not building Milton Keynes to the glory of the development corporation or individuals, but to the *glory of* the people who live and work here."

Lord Campbell proudly calls Milton Keynes "the flagship of the New Towns" and believes "a fine city" has been built. "I think we have done it elegantly—with style."

For a new city whose original aim was to help provide relief to population pressure in London and to rehouse *people often living in bad* conditions, the appointment of Lord Campbell, with his privileged background, might *at first sight appear surprising.*

From Eton and Oxford he rose to become chairman of Booker McConnell, the international company with interests in sugar, rum, shipping, *engineering and overseas* trade. But it was that experience which drew him to the Labour Party and the realisation that "the Establishment" had to be reformed from the outside rather than within.

Lord Campbell: political maverick

"It was largely the social and political impressions that I gained on West Indian sugar estates that inspired my political leanings." he says. He recalls being branded a Communist *in the 1950s* for simply stating that Bookers believed people were "more important than ships and shops and sugar estates."

Knighted by the Conservatives in 1957 and created a life peer by Labour in 1966, he says his *appointment* as chairman of Milton Keynes development corporation was "almost by chance" after he decided he had run Booker McConnell long enough and wanted to do something else before he was too old.

The job has subsequently demanded half his working time and much of his energies. "I have been chairman of a good many public and *private undertakings—big* and small. None have I found more complex to direct, better served by their staff or more rewarding," he insists.

He plays down his political influence in steering the new city through the difficult periods when questions have been posed about its role and purpose. "After all I am a bit of a political maverick."

And he stresses the role of his board. "We know where we are going and nobody is going to stop us." But he points out that there has never been the need to call for a vote on any major decision. "I *don't work by* confrontation but by getting people to work together."

Such a remark is the more remarkable given the political standing of the development corporation, which includes not only leading local politicians but figures such as Sir Horace Cutler, Conservative leader of the Greater London Council.

In his 16 years in office he confesses only one regret though he remains "unrepentant." In the mid-1970s when the city was attracting the jobs and desperately needed to provide housing, it succumbed to government pressure and embarked on a programme *of building low-cost* system - built houses. "I warned in two successive annual reports that we were building the slums of the future," Lord Campbell says, adding that the mistakes made in that period were now being remedied.

And what *advice would* Lord Campbell give to his successor when he is eventually named as the new chairman of Milton Keynes? He smiles, pauses, and peers thoughtfully over the top of his spectacles. "None," he says.

Unemployment has doubled but new jobs are being attracted

Industry fighting recession

MILTON KEYNES has not escaped the full blast of recession. There have been closures and redundancies. Unemployment has more than doubled over the past two years to reach a level comparable with the national average of around 12 per cent.

Where the city is different is in its capacity to attract new jobs, particularly in the high technology growth areas. The local economy, already diverse, is not vulnerable to the collapse of particular companies or industries. Even over the past 12 months with most of the UK in deep recession the Development Corporation claims to have created more than 3,000 new jobs and let more than 500,000 sq ft of industrial floorspace.

The benefits of that were offset by the contraction of existing operations, but the only major job loss was at Scott Meats in Bletchley, where more than 1,000 workers were made idle. Mr Mervyn Humphries, *manager of the Milton Keynes* Job Centre, reports that redundancies tended to be announced in batches of 30 to 60. Some small firms had gone out of business but the *jump* in jobless was caused in the main by a general slimming down of industry.

The number out of work has climbed from just under 3,000 in March 1980 to almost 7,000, a level which according to the official figure of 15.8 per cent is well above the national average. However, the percentage rate is disputed by the development corporation as a *distortion as it is based on* the size of the labour force at the last census in 1978. Over the past four years thousands more jobs have been created bringing the percentage unemployed back close to the national norm.

Fair share

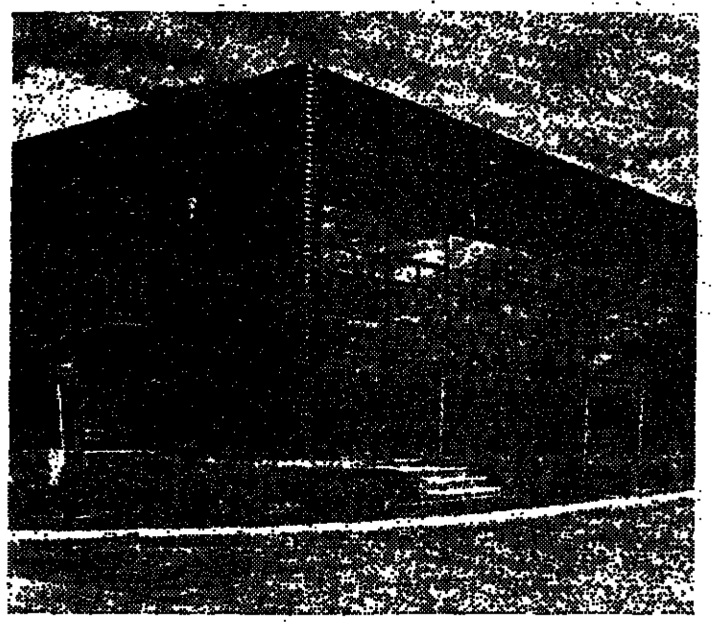
Little up-to-date research is available, but the structure of employment in the new city is clearly changing with a swing away from manufacturing to service employment and more jobs for women.

The latest published survey by the development corporation shows that female employment had risen by 1980 from 34 per cent of total jobs to 39 per cent and was quickly approaching the national average of 42 per cent. The main impetus for that was the opening of the city retail complex in 1979, which is so far thought to have created directly another 8,000 jobs. This trend will continue with the city's bid *to* establish itself as an important provincial office centre.

In the early days of expansion there was inevitably a rapid upsurge in manual jobs as construction got under way and local industry received a stimulus. From 1968 to 1976 the number of building workers more than quadrupled to nearly 4,900, but has since slipped back to around 4,000.

The increasing sophistication of the local economy is indicated by the nearly five-fold *growth of employment* in professional services to around 8,300. During the 12 years to 1980 manufacturing employment increased by 50 per cent from 9,414 to 15,700 jobs, while the service sector more than tripled from 8,305 to 26,423.

The city is fortunate in its lack of dependence on large-scale units of production. While 35 companies employ more than 200 workers there are more than 1,300 concerns with less than 10 employees. The trend has continued over the past two years with Milton Keynes getting a fair share of the new companies setting up business for the first time.



The city is fortunately not dependent on large scale production units. Above: a new factory building in the Northfield industrial area

The development corporation has consciously aimed its attentions at the new entrepreneurs. Small units are readily available and companies are free to surrender their existing leases and move to larger premises as their operations grow. Few areas in the current investment climate are able to offer such flexibility. The development corporation currently has about 500,000 sq ft of industrial space available in units from 1,400 sq ft up to 60,000 sq ft.

The immediate availability of quality premises, in the main funded by private capital, makes Milton Keynes an obvious candidate for companies seeking to move headquarters and distribution facilities. The city, located on the main motorway and rail network midway between London and Birmingham, claims access to 30m people within two and a half hours ing time. Even in times of recession companies will be on the move in order to gain economies from *rationalisation* and improved access to markets.

The Development Corporation is also aware of the advantages that its *greenfield sites and* record of industrial relations offer to international concerns seeking a presence in the UK. More than 100 *overseas* companies have already moved to the city. In the short term the corporation is concentrating attention upon the U.S. and Japan as two countries likely *to make* important investments in the UK.

In smoothing the path for new investment the Development Corporation is able to point out that few companies have experienced difficulty in recruiting the desired standards of labour and that sufficient housing is normally readily available for staff. The range of terms on which premises can be built, leasehold or freehold, is a further attraction, following the concern of the present Conservative administration to increase the role of private capital.

The issue on which the Development Corporation appears most sensitive is the charge that it is competing alongside the depressed areas for the restricted number of mobile jobs available in Britain's currently depressed economy.

Mr Frank Henshaw, the general manager, concedes that Milton Keynes is competing for limited resources but argues that the city has a complementary role in creating the right environment in which new industry can thrive. *Only* 10 per cent of the jobs at Milton Keynes had come directly from London where there was a long term problem of decline. *Employment would have* gone anyway regardless of the existence of Milton Keynes. The new city provided a focus for new employment and took the pressure off other areas in the Home Counties.

While the rest of the country debates whether or not Whitehall and Westminster are premature in discussing an improvement in the national economy, Milton Keynes is already talking of an upturn.

Mr Henry Williams, industrial agency manager for the development corporation, maintains that *inquiries* for factory and warehouse space began to pick up as early as last June. Lettings had continued in spite of recession and the development corporation remained on target to make available about 650,000 sq ft of space each year.

Mr Humphries at the Job Centre, while more cautious about trends, points out that the level of vacancies notified has risen *sharply* from 6,400 to 7,500—*a level broadly similar* to that of four years ago before the recession took hold. His experience contrasts with that of surrounding towns such *as* Luton where vacancies remain about 25 per cent down.

Rapid pace of house-building

THE RAPID pace of private *house-building* in Milton Keynes contrasts starkly with much of the rest of the country. About 100 developments for houses costing from £15,000 to £80,000 are currently under way.

The Development Corporation claims that the city alone is responsible for *around* 1 per cent of the houses built throughout Britain each year.

In the last financial year *developers completed* 1,189 houses—20 per cent over the target. The objective this year is 1,200 houses, though there is confidence it will again be easily exceeded.

The pace of building is clearly crucial to the success of a new town like Milton Keynes with its planned rapid rate of population growth. The election in May 1979 of a Conservative Government *committed to cutting public support* for housing in favour of the private sector could have posed a threat.

Government cuts

The Development Corporation, conscious that it had to give the lead to inspire confidence in the new city, had started a programme to build 2,000 houses a year for rent. That programme, because of central Government restrictions on finance, is gradually coming to a halt, however.

But there is no crisis. Private *enterprise has risen to the* challenge, and, with the suport of the Development Corporation, seems likely to fill the gap.

The city's ability to demonstrate such flexibility and to respond to the demands of a free-market Conservative Government is in part an accident *of timing. The success of the* massive new shopping centre, opened in 1979, not only gave a focus to the city but boosted confidence that private funding would ensure continued expansion.

The aim has always been to achieve a balance between *rented and privately owned* accommodation. Inevitably, in the early days of a new town there will be undue emphasis on rented property as construction workers are brought in and the manufacturing base established.

Over recent years the growth has been in white collar and professional services, where most of the demand is likely to be for private housing.

The trend towards middle-class employment will now accelerate as the city strives to establish itself as an important provincial office centre.

The attraction of Milton Keynes for house developers is its ability to create new employment — much of it in the high technology growth industries. The city has an expanding population and employment coupled with fairly stable land values. The Development Corporation controls the release of land.

The city also benefits from a *ripple effect as house prices in* the outer London area continue to rise. Many of the newcomers to Milton Keynes move from higher-priced housing in North London, Watford, St Albans, Luton and Hemel Hempstead.

For a Government committed to *home ownership* Milton Keynes provides a good example not only because of the extent of new private developments. There has also been a rapid growth in shared ownership, under which buyers can take anything from 30 to 70 per cent of the equity in a new house and pay rent on the balance.

The Development Corporation reports strong demand for shared ownership projects and *plans to build 750 houses on* some 30 developments in the current financial year.

TOP 20 COMPANIES IN MILTON KEYNES

More than 1,000 employees:
- British Rail Engineering
- Open University

500-1,000 employees:
- Barclays Bank
- General Motors
- John Lewis Partnership
- Marconi Avionics
- VAG

300 to 500 employees:
- Sentry Insurance
- McCorquodale Printers
- British Telecomm Engrng.

300 to 500 employees (cont.):
- Allen Bradley
- Llewellyn Construction
- Tesco

200 to 300 employees:
- Hoechst UK
- Terrapin International
- Myson Copperad
- Westland Helicopters
- Telephone Rentals
- Aquascutum
- Meat & Livestock Commission

† April 1981.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why Texaco is in the throes of a revolution

Paul Betts reports on the pressures which forced the US oil major to set a new course

A CULTURAL revolution is taking place at Texaco. An air of informality prevails at the plush suburban White Plains, New York, headquarters of a company traditionally portrayed as the roughest of a rough and tumble lot of oil majors, intensely secretive and hard-nosed, run like a military academy with a penchant for penny pinching which has elevated it to the somewhat dubious rank of "the Lady Frugal of the Seven Sisters."

Guards are no longer to be seen at the gates to the manicured lawns leading up to the white doughnut-shaped building which forms the heart and soul of the introverted world of Texaco. John McKinley, who took over as chairman two years ago, is welcoming and affable although the tall, hawkish chemical engineer from Alabama still displays many of the classic traits of the Texaco executive—tough and lean with a certain autocratic attitude towards subordinates.

Since McKinley took charge after steadily climbing the corporate ladder for more than 40 years, he has made sweeping changes in the way Texaco conducts and approaches its business. But as an executive of one of Texaco's main rivals put it: "The question is whether the leopard has really changed its spots." Whether it has or not, Texaco's rivals grudgingly acknowledge that McKinley is finally steering the company, which had been losing ground to its major competitors, in the right direction. However, he had little choice.

Despite a comfortable profit of $2.3bn on revenues of $59.3bn last year, and as strong a financial position as any would wish, Texaco is only now beginning to pull itself out of a hole which gave it the biggest scare of its life. This at a time when its so-called "Aramco advantage" is increasingly becoming a major disadvantage, in the short term at least. This "advantage" is its long and fruitful association with Saudi Arabia through the Arabian American Oil Company, giving it access to abundant supplies of crude at, until recently, a highly competitive price.

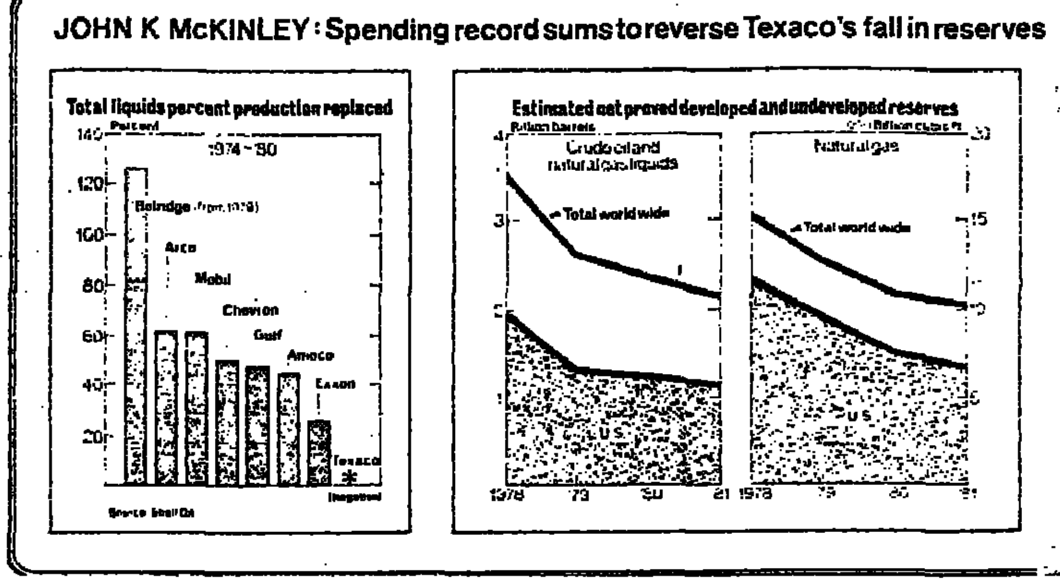
Texaco was once the most profitable of the Seven Sisters. It bragged that it was the only company to market its petrol in all the states of the union. It was not only an Aramco partner but its own U.S. oil and gas reserves were at one time formidable. Its slogan in the 1950s was "number one—second to none."

It appeared to have hit upon a winning act. On the basic assumption that oil would remain cheap and plentiful (the second part of that assumption may, in retrospect, no longer seem as unreasonable as it did when the energy crisis exploded in the early 1970s), it concentrated on maximising its position as a marketer at the expense of exploration. According to Dillard Spriggs of International Petroleum Finance, in doing so, "they were robbing their resources base to keep earnings bubbling up in the short run."

Nightmare

The combination of this strategy and events beyond the company's control turned the 1970s into a nightmare for Texaco. When the energy crisis broke and the Nixon Administration imposed domestic controls on oil, Texaco was caught with its back against the wall. It was more vulnerable than most because it was spread so widely in the downstream marketing business. Despite its enormous production, it could only supply 86 per cent of its marketing needs and had to rely on outside purchases for the other 14 per cent.

Domestic price controls and regulations in the U.S. clobbered it because it forced the company to maintain uneconomical supply relationships in a number of American markets. Its domestic production of crude oil and natural gas liquids, running at over 900,000 barrels a day in 1970, has been more than halved to 432,000 b/d last year. And although the tripling of oil prices towards the end of the decade coupled with the subsequent deregulation of domestic oil prices revalued the company's declining oil and gas assets, thus propping up its overall financial position, Texaco fell behind its major rivals.



Marion Seeger

To compound matters, not only were historic reserves declining and not being replaced but Texaco was forced repeatedly to revise downwards its substantial gas reserves in Louisiana tied to a number of older, uneconomical supply contracts. If all these contractual requirements have to be fulfilled over the next four years, the company says in its 1981 annual report, it might have to buy *$787m worth of additional gas.* Texaco has already reached a settlement to be freed from most of its gas obligations with regard to one of these contracts, and is discussing modifications in the other contracts to reduce its delivery requirements by at least 300bn cubic ft over the next four years.

Texaco, in short, was in a mess when McKinley took charge—all the more so because the company's rigid, autocratic management structure had been slow to react to the dramatic changes taking place in the oil business. According to oil industry analysts, it still has a long way to go to catch up with some of its main U.S. rivals. But there is a broad consensus that McKinley is now doing all the right things.

By Texaco standards, what McKinley has done in the last two years stops little short of revolution. He has already decentralised management. He says: "Individual officers and heads of subsidiaries and divisions have the power to spend money and the power to act and that is really the characteristic of the new organisation we installed." In the past, management was so centralised that only the chairman, and perhaps one other senior officer, could clear the most trivial of spending proposals. And the company was so secretive that only two or three people had the authority to approve the most innocuous of public statements.

But opening up the company and decentralising management to make it more efficient and flexible to respond to the market place are only part of McKinley's new plan. The key component of his strategy is, in his words, "to emphasise exploration and production predominantly in the U.S. but also in other areas of the world which are both politically safe and in which we feel there is a reasonable chance for good profitability."

To make up for lost time, McKinley has been spending record sums—for Texaco—to build up the company's U.S. acreage position and accelerate exploration in an effort to halt the decline in Texaco's historic U.S. reserves and eventually replace and increase them. The fact is that while the company has huge foreign production, last year totalling 2.76m b/d, the most promising end of the business is expected to be in U.S. oil production now that all domestic oil price controls have been lifted. Moreover, the company's domestic production of 432,000 b/d last year fell well short of Texaco's own U.S. oil product demand of 900,000 b/d.

At the same time, by failing to match its U.S. demand with its own domestic oil production, the company has been forced to rely heavily on its foreign sources. The bulk of this oil comes from Saudi Arabia which is currently fighting to maintain its $34 a barrel marker price of four or five dollars more than spot prices. McKinley, who points out that Texaco has other important foreign production sources including, among others, Indonesia, acknowledges that the Saudi situation is putting pressure on earnings. And while many are now questioning how long the oil companies can maintain such an expensive mistress at a time of declining demand, McKinley also suggests that there is an obvious advantage for a company to have access to the largest known oil reserves in the free world.

Suspense

McKinley acknowledges that Texaco in the past did not commit as many funds in *exploration and production* as it should have done. But he emphasises that Texaco will continue to invest heavily in new domestic exploration and production at a time when many other oil companies are scaling down their capital spending programmes in the face of declining profits and demand for oil products.

"We are not cutting back," McKinley says. "We will be spending more money than last year; last year was, I guess, the biggest year in the history of Texaco for exploration." (Texaco spent $2.2bn on finding and producing oil and gas.)

Once notorious for its "go it alone" policies, Texaco has embarked on a novel approach to joint exploration ventures with smaller independent U.S. oil companies. Quietly, at a time when public attention has been centred on the drama and suspense of big corporate mergers in the U.S. energy industry, Texaco has been putting together a whole string of limited or partial mergers to gain access to the U.S. acreage of independents. It has already signed nine such deals giving it access to 3.5m acres.

McKinley says he is looking for more partnerships with independents which he sees as "a very effective way of bringing about an increase in high quality exploration."

McKinley believes there are many opportunities because of the cash squeeze on all companies. Texaco, on the other hand, is rich in terms of cash. It held $2.84bn in cash at the end of the year—more than its $2.1bn in long term debt. "We have been able to fund these much increased programmes without resorting to long term borrowing," McKinley says, "but we obviously expect to invest at levels which will use all excess cash and use the debt capacity of the company. . . ."

This suggests that Texaco is looking for the big deal. McKinley claims he prefers to explore for oil and gas. However, he admits "this does not mean you close your eyes to the ability to purchase reserves if you can do so at a lower cost." Indeed, many in the industry believe that Texaco and Gulf (the smallest of the Seven Sisters) are in much greater need of a large acquisition than Mobil, which has repeatedly failed to pull off a major U.S. oil acquisition. As one oilman put it: "Texaco and Gulf have to act out of necessity. Mobil has been acting more out of opportunity."

Texaco did put in a bid for Conoco, the ninth largest U.S. oil company at the centre of a megadollar takeover battle last summer which was finally won *by Du Pont.* "*We had discussions at their request,*" McKinley said. "We made them a proposal to buy the whole thing for $85 a share in cash for any, and all shares." Although Conoco turned Texaco down, McKinley claims his offer, involving a total of about $7.3bn in cash was still the best and worth the most money to Conoco. Du Pont ended up paying $6.8bn in cash and securities.

Hostile

The fact that Mobil was finally blocked by the courts on anti-trust grounds in its recent billion dollar attempt to buy another oil company does not appear to worry McKinley unduly. "I believe the so-called hostile merger of a middle sized or large oil company by another large oil company is not very probable. It is my view that so-called friendly mergers certainly could comply with anti-trust laws . . . and that they would be reasonably acceptable to the general public."

McKinley's strategy, however, is not confined to exploration and production, or for that matter, the acquisition of badly needed U.S. oil and gas reserves. Although Texaco's old emphasis on marketing has been watered down, he says the company will stay in the marketing and refining sector of the business but would withdraw from those areas "that do not appear to have a good long term future or profitability." In this respect, Texaco has closed three U.S. refineries, is considering closing its refinery in Frankfurt, and has already sold the interest it had in an Irish refinery to the Government *of Ireland. It has been dramatically* cutting back on its petrol retailing network in the U.S. and no longer sells in every state. As evidence of its swifter response to the market place, it was the first U.S. oil company last winter to tackle the problem of petrol credit card sales in the U.S. by imposing a 3 per cent fee on such sales to retailers. Elsewhere, the company has also been reducing its large fleet of tankers.

In the past, Texaco has been criticised for failing to diversify. But in retrospect, Texaco's lack of initiative in diversifying in contrast to some of its rivals has proved fortuitous. McKinley says the company will diversify *and expand* both internally and by acquisition. "But we do not necessarily see that a copper company, for example, has a particularly great future . . . we are not enamoured with coal as some others are. That doesn't mean we won't acquire a coal company . . . but I think when you look at the situation, with unlimited reserves of coal, anyone with money can buy. One can open a mine. The chances of profitability in that scenario are probably satisfactory but not outstanding. And so we have felt no great urgency to enter the coal business."

McKinley says that diversification outside the energy industry is also included in his strategy. "Only a few months ago," he adds, "some knowledgeable analysts were saying 'oh yes, we are coming to the end of the oil era . . . the companies should move rapidly to diversify into non-energy areas and into energy areas other than oil.' I think one of the interesting changes in recent months is the perception that oil in a world of market clearing prices will be the principal source of energy for many years to come . . . and there is no economically viable substitute for petroleum as a transport fuel and an easily transportable fuel."

Thus Texaco—and McKinley—sees the oil business, in spite of the current downturn, as "an excellent business for many years to come." And for this reason, he sees "excellent opportunities for investment of major amounts of funds in the industries we know the most about: exploration and production."

Management abstracts

Can joint consultation become employee participation? S. P. Bate + *A. J. Murphy* in Journal of Management Studies (UK), Oct 81

Explains how the role of joint consultation in industry has expanded; examines consultative procedures, noting how they are viewed by management, shop-floor workers and shop stewards, and discusses their potential for development to increase employee participation.

What managements try to hide. W. T. Thornhill in The Internal Auditor (USA), Oct 81

Points to the risk of managements covering up current difficulties and/or past mistakes by shuffling around people, policies and procedures, and generally giving the impression of action; accepts that managers might act from the best of motives, but hints at the existence of conspiracies which internal auditors can uncover.

Technology transfer and applications. C. Beaumont + others in R & D Management (UK), Oct 81

States that transferring technology between a developed and an undeveloped country involves political, commercial and operational agreements; shows by clear but anonymous case histories that conflicts of interest can arise in all three areas; envisages an underdeveloped country requiring technology in three phases — products, then plants, then know-how; examines the after-effects of technology transfer, such as bottlenecks upstream and downstream of the project.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (including VAT and p and p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

THE PROPERTY MARKET BY ANDREW TAYLOR

London tenants look further afield

THE STEADY drift of commercial and industrial companies moving out of central London seems likely to continue. An increasing number of companies, unhappy about rising office costs in London, have recently been making inquiries about cheaper accommodation currently on offer outside the capital.

Reader's Digest and Wellcome Foundation are among several names reported by agents to have been looking at large office buildings outside of central London. Reader's Digest, the publishing concern, is currently housed in three buildings in the City and the West End. Wellcome Foundation, the pharmaceutical group, has its headquarters in Euston Road.

Enquiries made so far appear to have been largely of an exploratory nature and neither company has reached any firm conclusion about a move. But both Reader's Digest and Wellcome Foundation are clearly concerned about the impact of rising costs, particularly local authority rate increases, in London. Reader's Digest, which is advised by Edward Erdman, has already decided to relocate at least part of its City staff to its offices in Swindon, Wilts.

Bank of America is also still in the market for a large office building—despite its recent decision to take space in Croydon, Surrey. The bank, through its agents St Quintin, has been looking at a number of locations, particularly to the west of London.

It seems likely that the bank intends to retain its headquarters in London's Cannon Street but is seeking space for other operations presently housed in a number of London office buildings.

Rises in rents, rates and service charges have persuaded companies to re-examine their requirements for large central London offices. Fluor, the U.S. construction group, is another company which has recently been looking at major office buildings outside London. A preference for areas to the north of London has been expressed, according to some agents.

Estate agents Strutt and Parker have recently conducted a mini-survey comparing the cost of office rents, rates and service charges in central London with those in some provincial locations.

Strutt and Parker, not surprisingly, are strong supporters of Basingstoke, adjacent to the so-called "Heathrow Triangle" area and where the agents are seeking tenants for the 157,000 sq ft Gateway House currently occupied by papermakers Wiggins Teape. Roger Dean of Strutt and Parker says that rents, rates and service charges on Gateway House amount to £10.75 a square foot compared with around £40 a square foot in the City of London.

VAUXHALL CROSS—AN ARCHITECTURAL AND COMMERCIAL APPRAISAL

An attempt to break the routine mould . . .

THE DECISION to hold a design competition for the 12 acres of land by the Thames at Vauxhall Cross was an independent attempt by Mr Michael Heseltine, the Environment Secretary, to break the mould of routine architectural solutions to the problems of commercial development in London.

To encourage the developers of this important site, at the southern end of Vauxhall Bridge, to improve the standards of commercial architecture Mr Heseltine added the lure of a speedy by-pass around the planning procedures in the form of a Special Development Order to be granted by Parliament. This Order is likely to be approved following the Minister's own commendation of the winning design, before the end of the present session of Parliament.

In the record time of only six months a winner has been selected from a total entry of 128 schemes, Mr Ronald Lyon, who heads Arunbridge, the project managers for the scheme, making the final choice from a short list of three proposals. The winning scheme is by architects Sebire Allsopp working with Mr Ted Happold, the consulting engineer.

It is clear why the assessors and the developer liked this scheme by a relatively unknown firm. It has the virtue of being a simple and straightforward answer to the competition brief. It is based on the creation of a zig-zag wall of office buildings facing the river like a series of open books. Stepped wedges of residential accommodation lead down from the offices to the river. Between the offices and the flats a glazed public route runs the entire length of the site.

The involvement of Mr Happold has given the scheme a structure which has echoes of his work for Arup engineers, particularly the Pompidou Centre in Paris. There are considerable areas of external bracing including an elegant suspended footway crossing over Vauxhall Bridge.

In its architectural imagery the winning scheme is frankly disappointing. While it has the virtue of a brilliantly simple and effective plan it lacks any of the visual excitement and historical references of the scheme most favoured by the public, the short listed design by London architect Mr Terry Farrell. He opted to break up the 1.5m sq ft of office space in the brief into a series of more than 25 pavilions graded in size as they climbed away from the river.

The other short listed scheme by Nicholas Lacey Associates, while being unduly complex, managed to bring water and distinctively curved buildings onto the site. Lacey also achieved something that is badly lacking in the winning scheme, a series of buildings which actually overhang the water's edge.

The three assessors for this competition, Sir Hubert Bennett and Mr Richard MacCormac (both architects) and Mr Vic Henty of Arunbridge, in their selection of a short list successfully isolated the most thoughtful solutions to a ruthlessly high density brief. Has the competition achieved its objective of changing the sterile face of commercial architecture? Alas, the answer must be only a qualified yes. The winning scheme is safe before it is exciting and will do little to change the image of the modern office block as a rent collecting slab.

COLIN AMERY
Architectural Correspondent

. . . and satisfy commercial considerations

THE ULTIMATE test of any large scale office development comes in the harsh reality of the commercial climate. Success as far as the developer is concerned is measured by the speed and quality of lettings and sales.

The winning design chosen by Arunbridge, project managers for the controversial Vauxhall Cross project, attempts to marry the sometimes conflicting aims of producing a scheme which is visually attractive and is capable of being funded, built and eventually occupied.

One of the designs most favoured by the public for example, would have involved office blocks facing inwards at each other; not the easiest of concepts to sell to a prospective tenant.

One of the most important elements as far as the developers are concerned is that the scheme, which calls for the erection of more than 1m square feet gross of offices in six major buildings, can be built in phases. Speed of development will depend upon the successful letting of each phase.

The ability to phase the scheme will assist funding. The Kuwaiti-led consortium which is backing the project is a property trader rather than a long term investor. It does not intend to retain the development and will be seeking finance as each stage progresses.

Edward Erdman, consultant surveyors for the scheme, are already examining various ways of financing what is a vast project. Preliminary approaches to the consortium are understood to have been made by several British and Continental investment institutions. Also, two energy and resorces based companies have expressed an interest in purchasing freehold office headquarters.

Initially, the consortium may consider financing the first 150,000 sq ft of offices itself, using short and medium term bank finance. The developers are conscious of the need to get something out of the ground relatively quickly, if the scheme is to create the hoped-for impression in a part of London previously unfashionable as a strategic office area.

The politicians will also have to make up their minds fairly swiftly about whether they like the plans. An option to acquire a key element of the 12 acre Vauxhall Cross site from European Ferries for around £2.5m runs out in July. Moves to grant the project a Special Development Order will almost certainly result in a Parliamentary debate given the vociferous opposition by some local groups to any large-scale office development on the south bank.

Developers pursuing major schemes like Vauxhall Cross, Hay's Wharf and Coin Street along the South Bank must at times feel like a Grand National jockey: once safely over Becher's Brook there is still Canal Turn and The Chair to clear. The biggest fence, and one yet unmeasured, is whether there will be sufficient tenant demand to fill all the space now planned.

ANDREW TAYLOR

New man for USM candidate

MR JOHN Laurence, who as non-executive chairman of Estates & General recently became involved in the abortive attempt to marry E&G to Federated Land, is now to be in at the birth of another property company joining the Unlisted Securities Market.

Mr Laurence, 68, and senior partner of chartered accountants Hays Allan, has been appointed chairman of Dencora, the East Anglian industrial development company which later this month will seek a placing on the USM. Brokers to the issue, expected to raise around £1m, are Phillips and Drew.

Dencora, with property investments estimated at around £16m, was started 12 years ago by Mr Richard Youngs, now 46, and Mr Colin Holmes, 49. The company, which also carries out a small amount of housebuilding, has built a sound reputation as a no-nonsense builder of industrial properties.

Mr Laurence, who is enthusiastic enough about the company's prospects to take a small stake in Dencora himself, says that the company's management approach will not alter. "We shall stick to the type of development and the area we know best, East Anglia."

Dencora also includes ironmongers and builders' merchants interests but the main thrust of the company's expansion will continue to come from industrial developments.

SHOPS AND OFFICES

LAND FOR SALE

FACTORIES AND WAREHOUSES

FOR INVESTMENT

FOR SALE

OFFICES TO LET

A FINANCIAL TIMES SURVEY
INTERNATIONAL PROPERTY
FRIDAY 4th JUNE 1982

The Financial Times proposes to publish a Survey on International Property. The following topics and countries will be discussed.

WORLD RENTAL LEVELS	AUSTRALIA
THE UNITED KINGDOM	JAPAN
THE UNITED STATES *(a) New York; (b) Los Angeles; (c) Chicago; (d) Houston*	FRANCE
	WEST GERMANY
	BELGIUM
CANADA	HOLLAND
THE FAR EAST *(a) Hong Kong; (b) Singapore; (c) Indonesia*	SPAIN
	REPUBLIC OF IRELAND

For further information and advertising details contact:

Peter d'Aguilar on 01-248 4886

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor

INTERNATIONAL PROPERTY

COMPANY NOTICES

COMPAGNIE FINANCIÈRE DE PARIS ET DES PAYS-BAS

Notice to Shareholders and to holders of the Non-Voting Certificates to Bearer issued in Units of F.F.5 each, by S.G. Warburg & Co. Ltd. (B.D.C. Units)

As described in the notice published in this newspaper on 13th April, 1982, ownership of the shares of Compagnie Financière de Paris et des Pays-Bas has been transferred to the Republic of France.

Accordingly, notice is hereby given, pursuant to Condition (P) of the Non-Voting Certificates for the B.D.C. Units, of termination of the contract contained therein. Such termination is to have immediate effect.

Shares of F.F.100

Under the terms of the nationalisation, holders of shares of Compagnie Financiere de Paris et des Pays-Bas will receive, in exchange for their shares, Floating Rate Bonds issued by Caisse Nationale des Banques and guaranteed by the Republic of France. *The Bonds, which will have nominal values of F.F.5,000 or F.F.500,* will be redeemed by 15 approximately equal annual instalments determined by the drawing of lots. Redemption will be made at par on 1st January in each of the years from 1983 to 1997. Interest will be payable semi-annually, in arrears, on 1st January and 1st July in each year. The interest rate will be equal to the average rate of return on fixed interest French Government loans, which are not indexed either for capital or interest, and which were issued with a final maturity in excess of seven years, as determined on the secondary market of the Bourse de Paris during the twenty-five weeks immediately preceding the commencement of each interest period. The first interest coupon will be payable on 1st July, 1982 at F.F.415.64 per Bond of F.F.5,000 and F.F.41.56 per Bond of F.F.500, which is equivalent to a gross yield of 17.32 per cent per annum.

The Bonds will be issued in exchange for the shares of Compagnie Financiere de Paris et des Pays-Bas at the rate of *F.F.303.35 nominal of Bonds for each share surrendered. Fractions* of Bonds will not be issued. Until 13th February, 1983 shareholders with fractional entitlements to Bonds may, at their option, either receive cash for such a fractional entitlement or (if they pay in cash the difference between the amount of such fractional entitlement and the full nominal amount of a Bond) receive a further Bond of F.F.500 nominal.

Shareholders may lodge their Certificates with the Company in *Paris, or other banks and institutions in France. United Kingdom* shareholders may lodge shares through S.G. Warburg & Co. Ltd., at the address below.

B.D.C. Units of F.F.5

Following the termination of the Depositary Contract, holders of B.D.C. Units should surrender their Certificates to S.G. Warburg & Co. Ltd. In accordance with the terms of the nationalisation, the holders of 20 B.D.C. Units or integral multiples of 20 B.D.C. Units may request that the underlying shares be deposited in exchange for Bonds in the manner described above. Fractional entitlements to Bonds will be dealt with as indicated above.

Holders of less than 20 B.D.C. Units will only receive cash. S.G. Warburg & Co. Ltd., will, in due course, arrange for the underlying shares representing the aggregate of the Units comprised in such holdings to be exchanged for Bonds (or payments of fractional entitlements) and for the sale of such Bonds on the Bourse de Paris. The proceeds after deduction of all expenses, taxes and commissions will be distributed pro rata to the persons who surrendered the B.D.C. Unit Certificates. The timing of the lodgement of underlying shares and any subsequent sale of Bonds will be at the discretion of S.G. Warburg & Co. Ltd., and may depend on the timing of the surrender of the B.D.C. Units.

Holders of B.D.C. Units whose holdings exceed 20 B.D.C. Units but which are not integral multiples of 20 B.D.C. Units must lodge such Units in two parts, one representing an integral multiple of 20 B.D.C. Units and the other representing the balance of less than 20 B.D.C. Units.

Holders of B.D.C. Units are advised to surrender their Certificates as soon as possible to S.G. Warburg & Co. Ltd., 30, Gresham Street, London, EC2P 2EB (Tel. No. 01-600 4555 Ext. 6118) from whom lodgement forms and further information may be obtained.

S.G. WARBURG & CO. LTD.,
as Depositary

MESSINA LIMITED

(Incorporated in the Republic of South Africa)

INTERIM REPORT AND DECLARATION OF DIVIDEND

	Six months ended 31.3.82	31.3.81
	(R000s)	
CONSOLIDATED PROFITS (unaudited)		
Operating income	32,240	27,185
Interest paid	6,233	3,227
Net income before taxation	26,007	23,958
Taxation	10,251	8,058
Net income after taxation	15,756	15,900
Attributable to outside shareholders	319	184
Net attributable income	15,437	15,716
Dividend No. 61	2,531	2,517
	(Cents)	
Earnings per share	134.7	138.8
Dividend per ordinary share	22.5	22.5
	31.3.82	31.3.81
	(000s)	
Number of shares in issue	11,461	11,326
	31.3.82	31.3.81
	(R000s)	
CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure	24,467	12,858

COMMENTS ON RESULTS

1. Operating income for the six months increased by R5.1 million to R32.2 million. However, owing to significant increases in interest charges and a higher provision for taxation, earnings per share amounted to 134.7 cents compared with 138.8 cents in 1981.
2. Earnings for the six months were derived entirely from industrial operations, the main contributors being the automotive companies. Depressed metal prices and lower production resulted in the mining operations incurring attributable losses of R5.6 million.
3. There are no indications that selling prices of the Group's mining products will improve during the remaining six months. In addition, there is a decline in motor vehicle sales in line with the general economic downturn. These factors, coupled with lower vehicle profit margins arising from the devaluation of the Rand and the import surcharge, are likely to result in earnings for the second six months of the year being lower than the comparative period in 1981.
4. The Company changed its name by special resolution to Messina Limited on 28 January 1982. The listing of the Company's ordinary shares on the Johannesburg Stock Exchange was changed from Mining—Copper to Industrial Holding with effect from 5 April 1982.

DIVIDEND

Notice is hereby given that Dividend No. 61 of 22.5 cents per ordinary share has been declared payable to shareholders registered in the books of the Company at close of business on Friday, 2 July 1982.

The dividend has been declared in South African currency and dividend warrants will be posted to shareholders from Johannesburg and London on or about 30 July 1982. Dividends payable from the London office *will be paid in British currency converted at the rate of exchange ruling* on 2 July 1982.

South African Non-Resident Shareholders' tax will be deducted from dividends due to shareholders whose addresses in the register are outside the Republic to South Africa.

The transfer books and register of members will be closed from 3 July to 9 July 1982, both dates inclusive.

By Order of the Board
MESSINA LIMITED
A. W. BRADSHAW
London Secretary

Registered office:
17th Floor,
Main Central,
Main/Eloff Streets,
JOHANNESBURG 2001.
London,
12 May 1982.

Transfer offices:
154 Market Street,
Johannesburg 2001.
6 Greencoat Place,
LONDON SW1P 1PL.

COMPAGNIE FINANCIERE DE SUEZ

SOCIETE ANONYME WITH A CAPITAL OF 1,421,898,500 FRENCH FRANCS
Headquarters: 1, Rue D'Astorg - 75008 Paris.

NOTICE TO HOLDERS OF 7% CONVERTIBLE DEBENTURES DUE 1985

Pursuant to Article 43 of the Nationalisation Law No. 82-155 dated February 11, 1982 and published in the Journal Officiel de la Republique Francaise on February 13, 1982, the 7% Convertible Debentures, denominated in the principal amount of $1,000 each, due 1985, issued in 1970 by Compagnie Financiere de Suez, ceased being convertible into Shares of Common Stock of Suez as of February 13, 1982.

Pursuant to the foregoing Law and Decree No. 86-176 dated February 18, 1982, which was published in the Journal Officiel de la Republique Francaise on February 21, 1982, the holders of the Suez Debentures may elect, up to and including May 20, 1982, to exchange their Debentures for obligations issued by Caisse Nationale des Banques, an agency of the French Republic.

The Bonds of Caisse Nationale des Banques, which will be denominated in the principal amount of F.5,000, or in fractions of F.500, will have the following characteristics:

—The payment of principal and interest and other incidental expenses are guaranteed by the Republic.
—They are negotiable and are listed on the Paris Stock Exchange.
—They bear interest from January 1, 1982.
—Interest will be paid on a semi-annual basis, commencing July 1, 1982.
—*The rate of interest will be equal to the rate of return for French Government* borrowings, whose principal and interest are not indexed and which are issued at a fixed interest rate and have a maturity date greater than seven years, as determined in the Paris Secondary Market by Caisse des Depots et Consignations during the first twenty-five weeks of the semi-annual period preceding such determination and, for the first payment period, the compilation period will be from July 1, 1981, to December 22, 1981 and the coupon, which will be payable on July 1, 1982, will be equal to F.415.64 per F.5,000 principal amount and F.41.56 per fraction of F.500, and
—commencing January 1, 1983, Caisse Nationale des Banques will redeem these obligations at par, by lot (which results will be published in the Journal Officiel), in fifteen approximately equal annual instalments.

The holders of the 7% Convertible Debentures due 1985 may exercise the foregoing option within the prescribed time period by any appropriate means. However, it is recommended that Debenture Holders choosing to exercise their option either notify Banque de L'Indochine et de Suez, Services Astorg, 1, Rue D'Astorg, 75008 Paris, by mail (the post mark will determine date of notification), by telephone (266.47.87—extension 347) or by telex (650323 F), or deliver their Debentures to one of the paying agents listed on the Debenture together with Coupon No. 12, representing the interest payment due May 15, 1982.

The exchange will be made on the basis of a price of F.6,562.13 per dollar 1,000 principal amount of Debentures, calculated by multiplying the exchange value of a share of Common Stock of Suez, which is F.423.09, times the conversion rate set forth in the Indenture relating to the 7% Convertible Debentures due 1985, which is 15.51 shares of Suez Common Stock per Debenture.

Holders are advised to obtain current price quotations for the Suez Debentures and the obligations of Caisse Nationale des Banques.

It is the intention of Compagnie Financiere de Suez, pursuant to the option set forth in the Indenture, to call for redemption any Debentures not submitted for exchange. This redemption would take place no later than September 15, 1982 and the redemption price would be the principal amount of the Debenture plus a premium of $5 per Debenture, plus accrued interest to the redemption date.

Banque de L'Indochine et de Suez and the designated paying agents will be available to furnish Debenture Holders with information concerning both the practical details of this exchange and, in particular, the treatment of fractional interests.

COMPAGNIE FINANCIERE DE SUEZ

JUSCO CO. LTD.

Advice has been received from Tokyo that the 57th Ordinary General Meeting of shareholders of the Company will be held in the conference room (Room 401) of Osaka Chamber of Commerce and Industrial Building 58-7 Hashizume-Cho, Uchihon-Machi, Higashi-Ku, Osaka, Japan, on Monday, May 17th, 1982, beginning at 10 a.m.

MATTERS FOR DISCUSSION AND APPROVAL

Proposal No. 1: Concerning approval of the balance sheet as of February 20, 1982, and the business report, statement of income and retained earnings, and the proposed appropriation of retained earnings for the 57th fiscal term (period covering February 21, 1981, through February 20, 1982).
Proposal No. 2: Concerning partial amendment to the Articles of Incorporation.
Proposal No. 3: Concerning the election of 24 new directors.
Proposal No. 4: Concerning the election of one new statutory auditor.
Proposal No. 5: Concerning the revision of rewards for directors and statutory auditors.
Proposal No. 6: Concerning the presentation of retirement gratuity to outgoing directors.

HILL SAMUEL & CO. LIMITED
45 Beech Street
London EC2P 2LX

THE THARSIS PUBLIC LIMITED COMPANY

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of THE THARSIS PUBLIC LIMITED COMPANY will be held at Núñez de Balboa, 120 Madrid 6, on Monday 7th June at 12.30 p.m. for the following purposes:

1. To consider and adopt the Report of the Directors and the Accounts for the year ended 31st December 1981 with the Report of the Auditors thereon and declare a dividend (Resolution No. 1).
2. To re-elect Directors (Resolution Nos. 2-5).
3. To re-appoint the Auditors and to authorise the Directors to determine the remuneration of the Auditors (Resolution No. 6).

By Order of the Board,
R. N. PETERS,
Secretary.

Registered Office:
138 West George Street,
Glasgow G2 2HF.
13th May, 1982.

NOTES

1. Any member of the Company entitled to attend and vote at the Annual General Meeting convened by the foregoing Notice is entitled to appoint one or more proxies to attend and, on a poll, vote on his behalf. A proxy need not be a Member of the Company. To be effective, forms of proxy must be deposited at the Bank of Scotland, Registrar Department, 28A York Place, Edinburgh not less than 48 hours before the time appointed for the meeting.
2. Holders of Share Warrants to Bearer who wish to be present at the Meeting or vote by proxy may obtain instructions from the Registered Office of the Company or from the following appointed depositaries:
Lazard Frères et Cie, 121 Boulevard Haussmann, Paris, 8è.
Banque Vernes et Commerciale de Paris, 52 Av. Hoche, Paris, 8è.
Banque de Paris et des Pays-Bas, 3, rue d'Antin, Paris, 2è.
Crédit Suisse, Lausanne, Switzerland.
Lloyds Bank (Belgique) S.A., 2-4, rue Royale, Brussels.
Banque Générale du Luxembourg, S.A., 14 rue Aldringer, Luxembourg.
3. There are no contracts of service between the Directors and the Company at the date of this notice.

PROVINCE DE QUEBEC

LOAN FF 125,000,000
7½% 1972-1987

Bondholders are hereby informed that the redemption instalment of FF 12,000,000 due on June 15, 1982 has been entirely met by purchases in the market.

Payment of coupons due on June 15, 1982, will take place at the following Banks:
CREDIT LYONNAIS, Luxembourg — CREDIT LYONNAIS, Paris — ALGEMENE BANK NEDERLAND N.V., Amsterdam — BANCO DI ROMA, Rome — BANQUE DE PARIS ET DES PAYS-BAS, Paris — COMMERZBANK A.G., Frankfurt — KREDIETBANK N.V., Brussels — LLOYDS BANK INTERNATIONAL LTD., London.

Outstanding amount after this fifth *amortization:*
FF 74,000,000
The Fiscal Agent
CREDIT LYONNAIS—LUXEMBOURG

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION P.L.C.

7½% Debenture Stock, 1990-92

NOTICE IS HEREBY GIVEN that the REGISTERS of the Corporation's above mentioned Debenture Stock will be CLOSED for TRANSFER and REGISTRATION from 18th to 31st May, 1982, both days inclusive.

By Order of the Board.
H. J. McTURK,
Secretary.

48 Palmerston Place,
Edinburgh EH12 5BR.
14th May, 1982.

IMPERIAL JAPANESE GOVERNMENT

4% STERLING LOAN OF 1910

The Bank of Tokyo, Ltd., are instructed by the Japanese Government to announce that the COUPONS due 1st June 1982, No. 144 detached from enfaced bonds will be paid on and after 1st June 1982.

They should be presented for payment at The Bank of Tokyo, Ltd., 20/24 Moorgate, London EC2R 6DH, listed on the forms provided, between the hours of 10 a.m. and 2 p.m. They must be left at least five clear days for examination prior to payment.

Coupons cannot be accepted through the post.

for THE BANK OF TOKYO LTD.
K. GOTO
Resident Managing Director for Europe and General Manager London Office
14th May 1982.

JAMES BEATTIE PLC

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS relating to the ORDINARY SHARES and "A" ORDINARY (RESTRICTED VOTING) SHARES of the Company will be closed from the 25th May to the 8th June 1982, both dates inclusive.

By Order of the Board,
G. T. LOWNDES,
Secretary.

71-78 Victoria Street,
Wolverhampton.

LEGAL NOTICES

IN THE MATTER OF
CRESTEVE LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of May, 1982, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned P. Granville White of Booth White & Co., Wardrobe Place, Carter Lane, St. Pauls, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 19th day of April, 1982.
P. GRANVILLE WHITE,
Liquidator.

TRADE MOTIVATION (LONDON) LIMITED

NOTICE IS HEREBY GIVEN pursuant to S293 Companies Act 1948 that a meeting of the creditors of the above-named Company will be held at 11-16 Emerald Street, London, WC1, on 1st July, 1982 at 9.30 a.m. for the purposes mentioned in S294 and S295 of the said Act.

By Order of the Board,
A. MACHIN, Director.

PUBLIC NOTICES

SLOUGH BOROUGH COUNCIL
£700,000 Bills issued 12.5.82 due 11.8.82 @ 12¹⁄₁₆%. Total applications £5,800,000. Outstanding Bills £700,000.

جولی ١٩٨٢

THE ARTS

Cinema

On the dark side of death

by NIGEL ANDREWS

An Unsuitable Job for a Woman (AA) Gate Notting Hill
The German Sisters (AA) Academy
Polyester (X) Classic Oxford Street, Cinecenta Piccadilly
I, The Jury (X) Warner West End

Welcome to Angst and Alienation week in the cinema. How do you make a saleable commodity of wall-to-wall anguish? Chris Petit's *An Unsuitable Job for a Woman* is the British runner in the Cine-Suffering stakes this week and Margarethe von Trotta's *The German Sisters* the Teutonic one.

The first film stings us like fine drizzle with tight-lipped British despair as a P. D. James murder novel is translated to deepest, darkest rural England. The second is full of jagged German doom and political anatomisings as a young woman journalist (Jutta Lampe) investigates the death of her terrorist sister. Suspect "suicides" are at the heart of each movie. So is a view of life as a vast and darkling Daedalus maze from which no sturdy thread—except perhaps a hanging rope—leads to freedom.

Adapting a thriller novel and filming in colour, Petit makes more concessions than in *Radio On* to hanging his all-weather *weltschmerz* on a populist peg. In a Petit film stricken souls exchange pained dialogue in bleak landscapes. Every word scrapes on an open wound, and Nature stands indifferently by. This is England, the skies are pasty-grey, the motorways are depressing, and the social formalities are preserved. No abandoned shriek when the detective heroine (Pippa Guard) discovers her boss presiding over a pool of blood, his own, at his desk. (He has shot himself.)

No reechy kisses or Latinate *cannodling* when the property tycoon (Paul Freeman) who has hired her to solve his son's bizarre death—he hanged himself dressed in a woman's frock—takes her to bed *en route*. No giveaway snarls and hisses from the bleakly antipathetic Billie Whitelaw, who is Freeman's woman Friday and more-than-helpmeet and might be behind it all.

The plot is ultra-convoluted and keeps slithering out of reach like a startled snake in thick grass. But Petit has a wonderful compensatory feel for the drip torture of English emotion. Motive and passion are squeezed out drop by drop in a rural-England landscape that seems bloated with past rain and ever cloaked with pencil-grey cloud or thin sun. Cameraman Martin Schafer, who used to work with Wim Wenders, has done marvels with the colour: Vlaminck for the exteriors, the gunmetal skies and blotchy-red Tudor cottages and mansions, and a kind of *film noir* cubism for the angular, overlapping lighting of the early office scenes.

There are canny cine-eye touches, a toy car accidentally (and prophetically) knocked into a fish-tank, the beautifully ambiguous placing in one shadowy shot of Freeman's hand — is it caressing or threatening? — near Pippa Guard's neck. *And best of all,* a wordless set-piece scene in the middle which has an impish and grisly magic worthy of Hitchcock: a reconstruction suicide by Miss Guard that comes horribly, inadvertently close to the real thing.

*

The German Sisters garnered the Grand Prix at last year's Venice Film Festival but doesn't dance to the same healthful imagistic music. Margarethe von Trotta, like her husband Volker Schlondorff (of *Circle of Deceit*), seems as much a political broadsheeter as a movie-maker — grimly scattering anti-authoritarian pamphlets across the landscape of Germany Today.

In whey-faced scenes of aneurismal solemnity, the *titular siblings speak* up one for the gradualist (Jutta Lampe), t'other for the revolutionary (Barbara Sukowa) pathways to social change. There are tart and toughly tangible scenes — a kitchen quarrel, a female warder roughly stripping and searching Miss Lampe on her first prison visit — mixed in with long programmatic dialogues staged with a sit-and-listen frugality worthy of Play for Today.

The movie could have been a feminist Jekyll-and-Hyde of political dualism: or a *Persona* flung into the front-line of politics in a country alerted or perverted—according to taste—by the Baader-Meinhof experience. But Von Trotta hasn't infused blood and passion into her sisterly spokeswomen. They're doleful casualties in the social war not agents, as played by Frauleins Lampe and Sukowa, and their on-screen sacrificial passivity becomes a glib mechanism for making us see "the system" as the enemy force, the "people" as its victims.

*

John Waters's *Polyester* comes to you in the full repulsive glory of "Odorama", a nasal task-force sent out to assail nostrils all over the moviegoing world. With the aid of a "smell card"—scratch the different numbered blobs and *outré* fragrances will be instantly released — you can accompany drag-queen heroine Divine through this louchely madcap comedy of camp manners by the director of *Pink Flamingos* and *Female Trouble*.

Never mind the plot. It's as loosely contoured as Divine's own shape: vast and spherical in '50s glamour-dresses, an *haute couture* landed whale on beaches of American gentility. She has a strife-prone home life with her delinquent son Kenny (*aka* the "Baltimore Footstomper"); she clucks and coos in romantic empathy with the love-life of her snaggle-toothed sexagenarian neighbour (Edith Massey, she of the screeching lisp—"Children would only get in the way of our erotic life-style"); and finally she falls head over high-heels in love herself with Tab Hunter.

Meanwhile the nose has it. At the scratch of a finger-nail or a pencil-point, you can assault yourself with the smell of freshly-baked pizzas, the scent of flowers, the odour of perspiration and other exhalations too intimate to mention. The film is not, in all candour, Waters's best. Divine's usually wacky-and-wondrous mannerisms are played *mezzo piano* and the story never quite reaches the sleazy-raucous heights of *Female Trouble*. But who could resist "Odorama"?

*

It might certainly improve *I, The Jury*. *I suggest* the smell of cheap after-shave mixed with the odour of box-office opportunism for the tough-talking male-chauvinist hero Mike Hammer (Armand Assante), here Spillaned forth from worthy oblivion, in his first movie outing since *Kiss Me Deadly* (1955). Incense and last week's bedsheets might odorise the kinky sex clinic which Hammer investigates, *en route* to uncovering an extremely incomprehensible plot about the CIA and deranged Vietnam veterans. And perhaps the tangy odour of filmgoer-repellent outside the cinema itself would help customers to make the right decision to stay away.

Pippa Guard detecting in "An Unsuitable Job for a Woman"

Elizabeth Hall

Berio

by ANDREW CLEMENTS

On successive Wednesdays in the Elizabeth Hall this month the London Sinfonietta is presenting a series of concerts each devoted to a single contemporary figure. All three composers —Berio, Ligeti, Henze—have long associations with the orchestra and Luciano Berio's has perhaps been the longest and closest of all, conducting them in a memorable sequence of programmes dating back to *the early 1970s. His appearances* in London have to a large extent accurately reflected his development through the last 15 years or so, and the Sinfonietta has frequently provided the mirror.

The sense of nostalgia in that *collaboration was if anything* emphasised by the choice of major work in this Wednesday's Berio programme, *Laborintus II*. If any composer of the post-war avant garde tuned into the mood of the 1960s it was Berio, in the series of collage pieces that *began in 1961 with Epifanie*. *Laborintus II*, written between 1963 and 1965 is the most ambitious and complex of those attempts to find a viable language in the synthesis of a host of heterogeneous stylistic elements, literary and musical, and the one which runs the greatest danger of pretentious failure.

Returning to the work after a considerable absence, one feared that its sound world would seem dated, impossibly wedded to that particular time. Berio's infatuation then with the vocal techniques of the Swingle Singers is one of the stumbling blocks now, though their deployment in this work is not as cloying as it can be elsewhere in his output. The *piling of reference upon reference*, with an electronic tape providing the finishing touches, threatens coherence at several points. But the urgency of this performance under Berio's own direction kept the piece fresh, and the laconic delivery of *Edoardo Sanguineti's* text by his son Federico was nicely judged. Catherine Bott, Elaine Barry and Linda Hirst were the Swingle surrogates, demonstrating that those tricks have now passed firmly into the repertory of the contemporary singer.

More recent Berio provided the first half of the programe. Repeated encounters with *Sequenza IX*, in both its clarinet and alto saxophone versions, have failed to define an immediately perceptible character such as can be found in the best examples of the series, though Antony Pay's incisive clarinet playing made out a better case for the piece than ever before. The cello concerto which goes *under the title of Il Ritorno degli Snovidenia* seems to me to demonstrate all the shortcomings of its composer's recent pieces, uncritically lyrical and almost allowing the orchestral textures to fend themselves. Christopher van Kampen was a *committed soloist*.

Riverside Studios

It's All Bed, Board and Church

by ROSALIND CARNE

Franca Rame is not only a fine actress, but a grand performer. It is hard to imagine her in a submissive role in real life, whatever the intended message in this group of four plays, written in collaboration with her husband, Dario Fo, who also directs. I envy the flies on the wall during rehearsals.

The parts they have created *conjure female, even feminine,* power; these heroines may be angry, but they are never cowed, and they are perfectly prepared to enjoy the sexual act, despite occasional protestations to the contrary. It is an intriguing, contradictory, and *often confusing view of our* sex, which withstands political packaging, despite all attempts to the contrary. Moreover, a series of monologues in a foreign language however brilliant, demands something special to hold audience *attention: it is an indication of* Ms Rame's stage presence that our interest is sustained.

Behind the playing area, subtitles roll up on a screen in bold lettering. It is impossible to catch both action and writing, so I concentrated on the Italian, except in difficult patches, where I found the translation helpful, and certainly preferable to the spoken interpretation which accompanies the short prelude to the show. Here, Ms Rame spells out her views on women's liberation and the theatre—perfectly sound, but hardly the best appetiser for the pleasures which follow.

The opening piece, *A Woman Alone*, is my favourite, a quasi-surreal slice of domestic life, in which the actress exhibits an astounding range of tone and passion. She slips from exaggerated horror and disgust at the heavy breather on the telephone, to a tightly wound-up calm when her husband calls. She barely manages to maintain control, and her story betrays an earlier breakdown, an unhappy love affair culminating in a ludicrous public suicide attempt. All these details emerge in an imaginary conversation with a woman in the flats opposite.

We All Have the Same Tales to Tell has a less auspicious opening, a crude view of the potentialities of heterosexual sex (though pregnancy is undoubtedly one of them). However, the episode ends with an extraordinary adaptation of a *nursery tale, replete with wolf,* cat, dolly, and electronic engineer, which makes its allegorical point quite firmly.

The Awakening returns to the home, as the woman worker, still surprisingly elegant, stirs herself into a frenzy between fridge, husband, baby, and factory. The final offering, *Medea*, is a complete switch of mood. Once again, the rendering is gripping, but I cannot help feeling this is no improvement on Euripides.

New York City Ballet

Bright start to the season

by CLEMENT CRISP

In the opening performances last week of its latest season, the New York City Ballet was as grand, thrilling in ballets and in dancing, as its greatest admirers could wish. Looking at such splendour it is hard not to utter the great Romantic cry *against the transience of joy*—Lamartine's *O temps, suspends ton vol*—and seek to fix the company as it is *now;* but one of the sharpest pleasures for the balletomane is the very impermanence of dance, when each interpretation is made richer and *more poignant by its fugitive nature*.

There was nothing immediately new at the start of the season—NYCB is girding itself for next month's Stravinsky Festival—yet ballets and performers seemed *freshly* excellent: Kyra Nichols, Maria Calegari, Sean Lavery in various roles; *Mozartiana* with Suzanne Farrell; *Ballade* with Merrill Ashley; *Four Temperaments* and *Square Dance* new-minted, provided standards of artistry impossible elsewhere.

Mozartiana, with its single showing at last year's Chaikovsky *Festival, became a collector's* piece. Injury to Suzanne Farrell caused its absence from the repertory, and its eventual return brought recognition that this was Balanchine at his most succinctly poetic, and that it offered *so allusive a portrait of Miss Farrell's musical intelligence* and her beautiful style that it was impossible without her. (That another ballerina will inevitably emerge to dance it is one of the certainties of NYCB's nurturing of talent.)

This is Balanchine's fourth *version of Chaikovsky's homage* to Mozart, and though it is unwise to read too much nostalgia into the work, there are hints and references to his original staging for Les Ballets 1933, which featured the child Toumanova dressed in black by Bérard. *Thus the present cast* are dressed in black, Miss Farrell attended by four little girls from the School of American Ballet and by four girls from the company, with Ib Andersen *as her partner* (the only colour on stage the *magenta back to his gilet*), and Christopher d'Aboise as a 17th century valet.

Mozartiana is a ballet of quiet joys and quiet effects—of quiet sorrows, too—which tell of much larger, grander matters. The opening *Preghiera* is Miss Farrell as assoluta, dancing with extreme *subtlety in choreography that* has the simple authority which can be found in the very late music of Gabriel Fauré. She is attended by the group of novices from the company school—she is their future. Christopher d'Amboise bounds *on in the Gigue, a Molierean* valet with his eccentric leaps, quick changes of pace and energy, and four NYCB girls next dance the *Minuet*.

The heart of the work comes with the *Theme and Variations*, a succession of numbers for *Miss Farrell and Ib Andersen* that are elegantly Mozartian, clear in texture, but suddenly flying in unexpected directions, and danced with amazing mastery of small steps, of quick accents, switches of balance and impulse. With the finale the entire cast come together, and all the miraculous parts of *the piece fall into proper place:* Chaikovsky and Balanchine united in their reverence for Mozart.

Another Balanchine portrait is that of Merrill Ashley in *Ballade*, but here Balanchine is telling this prodigiously fast *ballerina something about herself*, helping her discover her ability to express feeling (as she does in *Swan Lake*) and showing off a certain capriciousness of temperament. With her arrowy limbs and the clean lines of her dancing, her sunny ability *to fit in steps with entire clarity* where other dancers might stammer and gabble, Miss Ashley offers a coloratura performance, but one having lyric intensity and strong emotional colouring. There is a moment when she spins vertiginously towards her partner, Ib Andersen, and *falls* forward impetuously *into* his arms: it is the equivalent of a passionate declaration of feeling, made all the more *telling* by the bravura of Miss Ashley's technique.

Though *Ballade* might appear modest in scale—apart from its principals it has a group of ten *girls who briefly appear—it is* not small in impetus or in the horizon of its dances; like its score it says a great deal without rodomontade. That it is exquisitely danced by Miss Ashley and Mr Andersen goes without further saying.

Both Square Dance and Four Temperaments looked at their best last week. *Temperaments* has something very like a definitive cast, with Bart Cook as exponent of the heights and dreadful troughs which mark out the constraints of Melancholic's *world; with Merrill Ashley and* Sean Lavery the exuberant, racing couple in Sanguinic, and Adam Luders the drooping, exhausted Phlegmatic, and the incisive Maria Calegari — an artist who has come into her own during the past two seasons — *as a biting, fierce Choleric*.

In *Square Dance* the expanse of the State Theatre stage and the admirable lighting both enhance this radiant, ingenious work *which* correlates social dance form with classic nobility of manner. And nowhere more classically noble than in the central performances of Kyra *Nichols and Sean Lavery*. Miss Nichols pours out dancing here, as in every other ballet, with an easy generosity and grandeur that are all the more remarkable for seeming so natural an expression of her temperament; Mr Lavery, especially in his *Sarabanda solo, is the epitome* of the premier danseur classique.

This is an adagio variation, requiring both physical distinction and contemplative dignity, which he dances with haunting beauty. Its implicit dramas come from contrasts of dynamics and pose, and they are superbly expressed by this outstanding dancer, who allows the choreography to speak through the integrity and rare simplicity of his manner.

In other repertory works I enjoyed very much seeing Heather Watts and Daniel Duell in the quirks and ingenuities of Peter Martins' *Calcium Light Night* (Charles Ives made plain), and the continuing excellence of company performances in Robbins' *Piano Pieces* and *Four Seasons*.

Duchess

Funny Turns

by MICHAEL COVENEY

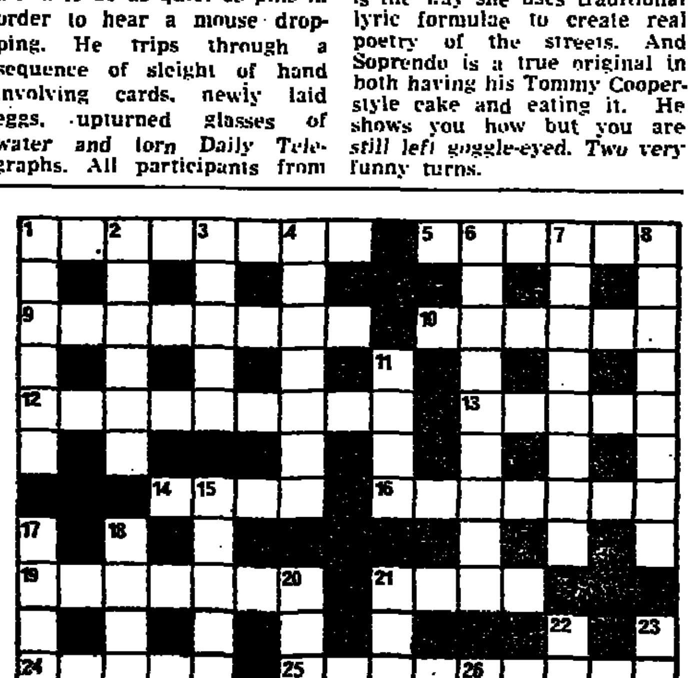
The one concession to West End status made by this marvellous double bill of Victoria *Wood (and her husband) The* Great Soprendo is the introductory imprimatur each receives from a real live Russell Harty. This may have been a First Night gimmick. I do not advocate demanding your money back if Russell does not *materialise on the night you go.* But go, nonetheless, you must.

Forgetting for the moment the joyous rotundity of both participants, the show is comparable to a really improved and slimmed-down *Song and Dance*. Except that the dance comes first. "I do my own choreography" confides the pink-clad magician out of Morecambe via Torremolinos. Soprendo's script is top-notch, a mish-mash of garbled end of the pier chatter and Spanish *mispronunciation*. We are asked to be as quiet as pins in order to hear a mouse dropping. He trips through a sequence of sleight of hand involving cards, newly laid eggs, upturned glasses *of water and torn Daily Telegraphs*. All participants from the audience were unknown to me, except for the musical director of the Players' Theatre who was jolly sporting about his valuable ring.

Looking for links, I would suggest the triumph of cosmopolitan wisdom over metropolitan manners. Miss Wood's lyrics are, if we do not count *Guys and Dolls*, the best available on the London stage, fast, brilliantly worked out and devastatingly funny. With the privilege of sheer talent, she demolishes everyone you would expect to be on her side: Time Out, mixed schools, sexual gurus and even, in an encore, proud Northerners.

As one who could not watch more than five minutes of Miss Wood's recent TV series, I am mightily relieved to rediscover her attractions first noted in a small Sheffield theatre some *years ago. Particularly clever* is the way she uses traditional lyric formulae to create real poetry of the streets. And Soprendo is a true original in both having his Tommy Cooper-style cake and eating it. He shows you how but you are *still left goggle-eyed. Two very* funny turns.

F.T. CROSSWORD PUZZLE No. 4,871



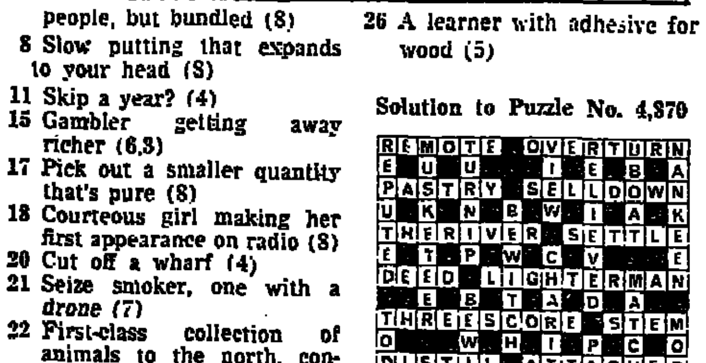
ACROSS

1 Cowardice making the German late (8)
5 Foolish way up I'd to follow (6)
9 Instrument to right a debaucher (8)
10 Forked coat senior airman returned (6)
12 Type of security needed to live in a set of grinders (9)
13 That which circulates warmth without resistance (5)
14 Lean against a large cask (4)
16 Military artisan has one in support (7)
19 Implore to accept a note that's folded (7)
21 The solidity of a substance (4)
24 A figure of speech from drunken toper (5)
25 Cheat people in a relationship (9)
27 Interferometer used by a learner in school (6)
28 Call a mean, grovelling creature, with a skin disease (8)
29 One way to current contention (6)
30 Ray finishes, and on these is destitute (4-4)

DOWN

1 Share a watershed, it's great in America! (6)
2 Haughty shoemaker gets by . . . (6)
3 . . . *and a mother gets in* violently (5)
4 Rascal in delirium tremens is appearing in rep (7)
6 Words used by the superstitious for tinder (9)
7 Playing cards with old people, but bundled (8)
8 Slow putting that expands to your head (8)
11 Skip a year? (4)
15 Gambler getting away richer (6,3)
17 Pick out a smaller quantity that's pure (8)
18 Courteous girl making her first appearance on radio (8)
20 Cut off a wharf (4)
21 Seize smoker, one with a *drone* (7)
22 First-class collection of animals to the north, containing something akin to goosefoots (6)
23 Article I sum up in hostility (6)
26 A learner with adhesive for wood (5)

Solution to Puzzle No. 4,870



FINANCIAL TIMES

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Friday May 14 1982

Looming crisis in Brussels

FOR MANY years, British governments have been asking their partners in the European Community either for reforms of the Common Agricultural Policy, so as to reduce wasteful expenditure on unsaleable surpluses, or for reforms in the budgetary rules, so as to protect Britain from having to pay the major share of the cost of these surpluses—or preferably both. In the so-called mandate document tabled just under a year ago, the Commission sketched out a broad (if vague) programme of action on both fronts which seemed to offer some slight hope that a long-running dispute might at last be disposed of.

This hope has come to nothing. The Community's agriculture ministers are poised to adopt a record increase in farm prices for this year, which will certainly add substantially to the costs of the policy, but virtually nothing is to be done

Crisis point

Until now the UK has made final agreement conditional on a satisfactory budgetary offset arrangement lasting for several years; but now it is being asked to accept a one-year offset, *amounting to less than half* its probable contribution to the budget, merely on the basis of an "understanding" that a longer-term deal, lasting for "several years," would be negotiated by the end of the year.

In effect, the other member states are forcing the issue to crisis point, by refusing to postpone any longer the decision on farm prices. This is a political decision on their part: stopping the clock is a perfectly standard Community device, and in 1979 the farm prices were not fixed *until June 22.* The British Government's dilemma over the appeal from Messrs Tindemans and Thorn falls into two parts: should it accept a one-year deal now, and hope for more constructive negotiations on a long-term arrangement; and should it accept the rebate being offered for this year? If not, is it prepared to run the risk — some would say the near-certainty — of a major crisis in the Community?

Good will

Undoubtedly a long-term arrangement would be preferable. To rely on the good will of the other member states in another long-drawn-out wrangle, which might last for months or even years, is not an attractive option; and since the British Government has already rejected the 800m Ecus being proposed for this year, it seems almost certain to reject it again. Even if, therefore, the Government were reluctantly to acquiesce in a two-phase programme for the budgetary problem, the chances of avoiding a major Community crisis would depend on a significant, last-minute improvement in the Community offer, perhaps at a meeting of foreign ministers which might be convened this weekend.

The UK can of course, continue to insist on the link between this year's farm price increases and a satisfactory settlement of the budgetary problem. That link was spelled out in last year's Commission mandate, and was immediately endorsed by, of all people, the French. It is easy to see why other member states are impatient to introduce price increases, *since many of them* have faced serious protests from their farmers; but none of them can have been in any doubt about the political link between the farm policy and the budgetary problem.

Unanimity

If the UK maintains a veto on the adoption of new farm prices, when the Agricultural Ministers meet on Monday, it is unlikely to be out-voted by a majority of the other members, since several of them would be deeply disturbed at such a precedent. The Treaty does, of course, contain provision for majority voting, but ever since the 1966 Luxembourg disagreement, unanimity has been the almost universal practice. If the UK does continue to block the introduction of farm price increases, some states, starting *with France, have indicated that* they might introduce equivalent national measures of their own, pending a Community agreement.

In the midst of the Argentine crisis, there is a case for saying that Britain should appease its European partners. There is a contrary case for saying that the time has come to precipitate the crisis over the CAP: if the other members refuse to reform it, then they must either pay for it or preside over its disintegration. On balance, Britain should accept a one-year interim deal— *but only if that deal is* on a scale to justify reasonable confidence about the Community's intentions for the longer terms.

A catalyst for South Africa

MR P. W. BOTHA'S think-tank for constitutional reform in *South Africa, the constitution* committee of the President's Council, has produced proposals which are both exceedingly cautious and startlingly radical. They may not amount to a blueprint for the future, but they could prove to be an important catalyst for change.

In the eyes of virtually everyone outside South Africa's white minority, the plan to bring three racial groups—whites, coloured people (of mixed race) and Indian—into one parliament falls far short of the need to enfranchise the overwhelming black majority.

In the context of debate within South Africa's ruling National Party, however, a plan which envisages non-white ministers in the Cabinet is a major departure from the rigid orthodoxy of exclusive white rule.

Perhaps more *important still,* the plan proposes what might be termed the "Gaullist option" —for an executive president with sweeping powers, and an extended seven-year term of office—as a means of pushing through further reforms in that divided country.

Questions

The document which has been submitted for debate—first in the (purely advisory) President's Council, and then in the National Party, whose response will be critical—begs almost as many questions as it answers.

Even in this preliminary form, however, it has been rejected out of hand by the ultra-conservatives of Afrikanerdom, including the breakaway wing of the National Party led by Dr Andries Treurnicht. Indeed, more members of the ruling party may well quit over its contents, if Mr Botha adopts them.

It is because of this very threat of die-hard opposition to even the most modest attempts at racial reform that the reformists, the so-called verligtes, are pushing the concept of a supremely powerful president.

The concept would also suit those, such as the South African military establishment close to Mr Botha, who believe that the state needs yet more authority to face the threat of rising black dissent. Yet, as it has been proposed, this Gaullist option goes way beyond the constitution operated by President *de Gaulle* and his successors in France.

In the first place, it is proposed that the president should be indirectly elected, by *an electoral college,* rather than directly by the general electorate. Second, the proposals as they stand do not include any restraint whatsoever upon his powers; he would be a dictator in all but name.

Divide

Apart from the lack of restraints upon the president, the proposals fail to spell out in any detail how the proposed multi-racial legislature would work. All the indications are that it would maintain a built-in white majority, large enough even to outweigh the danger of Coloureds and Indians joining forces with white liberals to outvote the National Party. Suggestions of equal political rights for the three groups are obviously premature.

A further weakness is that in seeking to straddle the growing divide within the ranks of Afrikanerdom, they fail to answer the aspirations of anyone outside it. *Mr Botha cannot count* on automatic support from the most prominent leaders of the Coloured and India communities, nor from the Progressive Federal Party, the white liberal opposition.

If he finds that he cannot even carry his own party, Mr *Botha can still distance himself* from the plan. But if he abandons it in this way, he will be in danger of abandoning all his promises of cautious reform — and with them the tacit support he has won in Washington and the West.

One should not forget that the latest proposals, in bringing representatives of the coloured people back into parliament, are only returning South Africa to the position of nearly 30 years ago, when the National Party stripped them of their franchise. The plan indicates both the extent and change within the ruling party, but also the time it has taken to think again.

Mr Botha must eventually face up to the fact that he does not have another 30 years to extend the franchise to the black 70 per cent of the population.

POLITICS TODAY

The inner and the outer cabinet

By Malcolm Rutherford

THERE IS another crisis, apart from the Falklands. The argument over the British contribution to the European Community budget may be finally coming to a head at the worst possible time.

The Foreign Ministers of the Community are due to meet to discuss the matter at the weekend. The Farm Ministers are scheduled to discuss the intimately related question of this year's farm price increases on Monday. At present, it seems likely that Britain will veto the increases unless there is prior agreement on the British contribution to the budget and on the reform of the common agricultural policy.

The veto would place Britain at odds with the Community to an unusual degree, even given the fairly stormy relationship with Europe so far. There would also be an element of the bizarre. For example, if the British Government blocks the price increases, some of the member states might resort to "national measures": that means subsidising agriculture out of national rather Community resources. Britain might then oppose that on the grounds that it is against the rules. Yet resort to national measures would be one of the best ways of undermining a common agricultural policy which is inimical to Britain.

Another factor is lack of confidence in Thorn's ability

As far as one can detect, neither Ministers nor officials see any direct linkage between farm prices and the Community's approach to the Falklands crisis. Community sanctions on Argentina are likely to be renewed at the weekend. But there is an uneasy feeling that, in the popular mind, the issues could come together.

The problem is this. On May 30 1980 Britain reached agreement with the rest of the Community that the net British contribution to the budget was too high and ought to be reduced. At the same time, it was agreed that the budget ought to be restructured so that less Community spending went on agriculture.

There were interim arrangements for the British contribution in 1980 and 1981 and—this is the important part—there was a provision that if a permanent solution had still not been found, there could be a similar arrangement for 1982.

The complication is that the Brussels Commission, which is like the civil service of the Community, now appears to be offering a solution for 1982 which would be the end of the matter. Britain is not yet ready to accept an interim solution, but also draws a crucial distinction between accepting an arrangement for 1982—as outlined in the 1980 agreement—because the long-term solution has not been found, and giving up the fight.

Under attack: BBC chairman George Howard (left) and Alasdair Milne, director-general designate

There are several versions of what happened at the meeting of the Community Foreign Ministers in Belgium last weekend. One is that Herr Hans-Dietrich Genscher, the West German Foreign Minister, hearing of the Commission's proposals for a once-and-for-all solution, immediately offered Britain £800m for 1982 and that would be the end of it.

Another is that he offered the alternatives of £800m for 1982 or £800m spread over three years. Anyway, the word got round that Britain was beginning to bite.

The Foreign Office in London denies this. The word is that Britain is still seeking a long-term solution to its budgetary problem and the reform of the structure of Community spending. The near-ultimate weapon is the veto of the farm price increase.

Mr Peter Walker, the Minister of Agriculture, and Mrs Thatcher are adamant that this veto will be used if necessary. Meanwhile, it is up to Foreign Ministers and their officials to try to sort matters out at the weekend. The Farm Ministers' meeting on Monday could, of course, be postponed for a while. It is also worth remembering that the Foreign Office is not the most popular of departments with the present British Government. Another factor is the almost total lack of confidence in the ability of M Gaston Thorn, the President of the Commission, to run the Community's institutions.

* * *

There is one possible further peace initiative if the negotiations at the United Nations over the Falklands break down. Mr Francis Pym, the Foreign Secretary, could offer to go to Buenos Aires and talk directly to President Galtieri and the Junta, preferably accompanied by Mr Alexander Haig, the U.S. Secretary of State. The aim would be to spell out just how far the British Government has moved since the crisis began and the benefits of a peaceful settlement for all concerned.

No doubt with the wisdom of hindsight, there is a feeling among Ministers that Britain moved late in offering its very substantial concessions. It was not until last Friday, after the Peruvian initiative had broken down, that Mr Pym went public on the sort of minimum terms the Government was ready to accept.

Britain has climbed down not only on sovereignty, but also on its claim to a part in an interim administration. It would be hard to cede more than that without giving way entirely.

One particular passage in his speech to the House is worth re-reading: "Appointment of a small group of countries acceptable to both sides who would supervise withdrawal, undertake the interim administration in consultation with the islanders' elected representatives, and perhaps help in negotiations for a definitive agreement on the status of the islands, without prejudice to our principles or to the wishes of the islanders."

In other words, Britain had climbed down not only on sovereignty, but also on its claim to have a part in an interim administration. It would be hard to cede more than that without giving way entirely.

There is a view that if those terms had been put while Mr Haig's peace mission was still in play, Argentina might have accepted.

There is also a view that the *lack of sophistication of the* Junta has been continually under-estimated. If the peace terms had been spelled out earlier and more fully, the Junta might have been cajoled into acceptance.

Still, all that is water under the bridge. The Haig-Pym mission to Buenos Aires is, sadly, unlikely to take place. The overwhelming belief of the Cabinet is that if the UN negotiations break down, or even drag on much longer, there will be no alternative to further military action.

*

The decision to approve the Peruvian peace terms was taken by the Cabinet as a whole and it was clearly several days before the Conservative Party in general realised how far the Government had gone. Tactically, it was an astute move on Mrs Thatcher's part. It looks dovish—in the sense that it shows how desperately the Government wanted a settlement —but it is also hawkish.

At the start of the crisis, the Prime Minister operated largely through an inner cabinet composed of Mr Pym, Mr John Nott, the Defence Secretary, Mr Cecil Parkinson, the party chairman, and her deputy, Mr William Whitelaw. Apart from Mrs Thatcher herself, the dominant figures were Mr Pym and Mr Whitelaw. They were, in effect, the peace party.

More recently she has taken to bring in the full Cabinet. In this way there is a subtle shift in the balance of power. True, the Cabinet approved the Peruvian plan, but only on certain conditions. The negotiations at the UN must not be allowed to drag on indefinitely.

In the full Cabinet Mrs Thatcher is more in command. It would be wrong to suggest that there is anything like a split, but the Cabinet as a whole tends to incline more to the Prime Minister than to Mr Pym. It believes that it has demonstrated its peace credentials, is becoming impatient with the lack of progress and is deeply suspicious of the Foreign Office as seeking peace at any price.

There is also quite a strong belief that if negotiations come to naught and Britain goes in *in force, all the old offers of* compromise should be forgotten. Britain will hold and administer the Falklands for some time to come. Thus the Cabinet worries very little about the sniping from the Tory right. It is quite hawkish enough itself. There is indeed almost an unspoken alliance between the new meritocratic right in the Government and the old imperialist right on the back benches.

The real problem for the Cabinet would come if Argentina decided to accept the terms offered. The Government would agree, though not without misgivings. It is not prepared to wait much longer.

* * *

Apart from the Foreign Office, the other vehicle for target practice has been the BBC. There are some Ministers who are now distinctly *embarrassed that the attacks on* the British Broadcasting Corporation have gone so far, but in general the Tories and the BBC do not get on. The Panorama programme last Monday evening which showed MPs—Tory and Labour—whose views were quite unrepresentative *of their parties was only* the most conspicuous example of what many Tories think is bias or at least excessive even-handedness.

It seems to me that this kind of problem is inevitable given the nature of the BBC and indeed has arisen before under Labour Governments — Sir Harold Wilson never seemed much to trust it. The difficulty is that it is not clear how far the Corporation is meant to be independent and how far it is meant to defer to the Government of the day. By its very name it sounds like an official institution and governments have frequently sought to influence at least the World Service: for instance, by stepping up broadcasts to Afghanistan.

One would have thought that the obvious answer—especially for an *administration* of Mrs Thatcher's hue—would be to privatise it. As several Ministers have pointed out, there have been few comparable complaints about the coverage of the Falklands dispute by Independent Television News. Going commercial does not necessarily lead to bias. Privatisation would also free those who work for the Corporation from these repeated arguments about responsibility to the Government and whatever may be the national interest. Not least, it would free the Government from the periodic headache of what to do about the licence fee.

The obvious answer would be to privatise the BBC

There is something faintly nauseating about the self-righteous way in which the BBC tries to defend itself and, even more so, about the way outsiders defend it: "Best television in the world" and so on.

It may be true that the British are good at television, just as they are good at (say) theatre. The fact is that some television programmes are good and some bad, just like some articles. But it has nothing to do with the BBC. The success of commercial television over the years has shown that it is possible to maintain standards without a quasi-official corporation. That way the political disputes could be avoided.

There is, however, small chance of change. The most that Ministers will say is that the coming of satellite and cable TV will make the BBC rather less important. In that they take some pleasure.

Men & Matters

BL's bliss

Sir Michael Edwardes resisted some pressure from shareholders at yesterday's annual meeting for him to stay on as chairman after the end of this year.

He confided: "I have enjoyed nothing as much in my life as the last four and a half years. But there is no doubt that the currency diminishes in value and I think it would be counter-productive for me to be here beyond the end of this year."

Enjoyable? Surely there must have been times when Edwardes wished he could have skipped the annual meeting so he would not have to face some of the rather strange people who turn up from among the 80,000 BL shareholders still left.

Yesterday we saw a good cross-section. There was the man who suggested that BL should bring back the starting handle for its cars and get rid of the one 12-volt battery and replace it with four six-volt units. (As you might have guessed he was also a shareholder in Chloride, Edwardes former company.)

Another attempted to get the board interested in a scheme to promote BL Cars on the costumes of drum majorettes at the World Cup matches—"as you will understand I need a quick decision," he explained.

And Edwardes will certainly be happy that he will not have to cross swords again with his doughty adversary, Noel Falconer from the unhappily-named BLISS (BL Individual Shareholders Society).

An engineer and economist with 6,620 BL shares, Falconer and a small band of supporters are cross with Edwardes mainly because he persuaded the Government to take shares for the £990m it injected into BL and thus reduced substantially the value of the existing equity.

And he wants an independent review of the BL corporate plan to see if it really is working. Falconer has a whole string of statistics which imply it isn't—as well as a nice turn of phrase to bring the figures to life.

For example, yesterday he pointed out that BL's losses since Edwardes took over as chairman amounted to nearly £1.5bn. He put this into perspective by saying: "This represents one pound for every represents £1 for every minute since Jesus Christ was crucified."

Paper weight

Unless you are very curious or very steamed up about the nuclear power programme you would be well advised ont to ask the Central Electricity Generating Board for the documents supporting its case for a new nuclear power station at Sizewell, Suffolk. They weigh 2¼ cwt and will cost you £250 a set unless you are among a small number on the free list.

The board is treading a tightrope between being careful with the taxpayer's money and being fair to the manifold interests ranging from worthy to crackpot which would like to have the papers. I understand it is erring on the side of generosity towards the most implacable opponents to the power station to make sure that "primary objectors" get free copies.

Objectors may yet protest that the massive documentation is an offensive weapon in the board's hands. A cartoon in the forthcoming issue of the board's newspaper Power News advises CEGB officers, "and if all else fails you can always hit 'em with it."

Top billing

When Kettering MP Bill Homewood won a place last autumn in the annual Commons ballot for Private Members' Bills and wondered aloud what to do with it, wise heads at Westminster urged him to consult fellow Labour backbencher Leo Abse.

The result is the Forfeiture Bill, due for its third reading in the Commons today and likely to confirm Abse's record as the most successful backbencher this century in piloting Bills through Parliament.

Suggested by Abse and steered by him through the political and procedural pitfalls *which beset this type of legislation,* the measure would give the courts discretion to allow people to inherit from those whose deaths they have caused. A battered wife who kills a drunken husband in a struggle, for example.

If the Bill goes through, it will be the ninth that the diminutive solicitor with a taste for elegantly-embroidered waistcoats has put on the statute book.

Either as chief promoter or leading co-sponsor, Abse's enactments during his 24 years as MP for Pontypool include measures on divorce, homosexual offences, family planning, legitimacy, widows' damages, disabilities and industrial injuries.

Long running

Had the Costa Rican authorities held on to the man they suspected of being Robert L. Vesco, the fugitive financier of IOS fame, this week, their timing would have been rather neat.

It is exactly 10 years since the Securities and Exchange *Commission filed a massive suit* against Vesco accusing him and dozens of others of milking the IOS Mutual Fund of $224m. But for reasons that are still not clear, neither the Costa Rican nor U.S. governments detained the man who had flown over from Nicaragua in a private plane, supposedly for medical treatment, and he flew out of the country again.

If it was Vesco—and the Costa Ricans are adamant that it was—the man who has been called the "Flying Dutchman of *the financial world*" must once again be roaming the seas for a safe haven.

After the IOS scandal was uncovered, Vesco went to Costa Rica at the invitation of the government to engage in financing for local industry and agriculture. But a new Costa Rican President elected in 1978 was less hospitable and refused to let him return from a foreign trip. So he went to the Bahamas instead where they let him stay for two years. The U.S. tried unsuccessfully to extradite him from both Costa Rica and the Bahamas.

Since 1980 he has had no fixed abode, but has been sighted touring the Caribbean in private boats and planes, suffering some physical discomfort possibly, but not, it seems, a lack of cash.

Now 48, Vesco has claimed that the U.S. authorities are trying to persecute him for his political opinions. Apart from the IOS charges, he has been accused of making illegal contributions to President Nixon's election campaign in 1972.

Beam ends

An Andorran story that shows there is more to these good folk than sometimes meets the eye. A native of that Pyrenean outpost turned up for work at a building sites. "Do you," asked a doubting foreman, "know the difference between a joist and a girder?"

"Of course, I do," replied the Andorran proudly. "I'm not ignorant. The first wrote *Ulysses* and the other wrote *Faust.*"

Observer

CROSS CHANNEL LINK

Waiting for an act of will

WHEN Mrs Thatcher meets President Mitterrand in London on Monday the Falklands seem certain to dominate the discussions. But another topic much nearer home—a fixed link across the Channel—can also be expected to claim some of the leaders' attention. In fact, if it had not been for the Falklands crisis, the two might have used the summit to announce the go-ahead for a cross-Channel scheme.

Despite claims by MPs in the House of Commons this week that plans for a tunnel—or one of the more ambitious bridge/tunnel schemes—are "dead ducks" and "white elephants," the enthusiasm of the French and some British politicians means that an idea which goes back to Napoleonic times is still very much alive.

At the end of April, the report of a joint Anglo-French working party of officials on the technical and economic feasibility of the various schemes landed on the desks of ministers in London and Paris. Their report broadly endorses the viability of a link, without recommending any particular scheme.

This document will form the basis on which ministers make their decision, and it is thus considerably more important than a report by Sir Alec Cairncross, who was commissioned by the British Government over two years ago to look at the Channel link. His report, published last month but completed at the end of 1981, concluded that "there is no overwhelming case for a fixed link."

It has been seen as ammunition for the British Government if it wants to turn down the whole idea. But the French are unlikely to view it as more solid evidence than that produced by the joint working party.

The economics of a fixed link are "just about robust," according to Mr David Howell, Transport Secretary. But this does not necessarily mean that the project will be given the go-ahead. The big question that remains unanswered is whether the British, who pulled out of the last scheme seven years ago after giving it the green light, can find the necessary political will to try again.

Large capital projects are not loved by the Thatcher Government. Even if the private financing stipulation set by this Government for the Channel link can be met, it is not the sort of scheme which figures high in Mrs Thatcher's priorities. Nevertheless, it was with considerable enthusiasm that she and President Mitterrand pronounced last September, in the afterglow of the success of their first formal meeting, that they were initiating a "reconsideration" of the Channel link.

Lord Carrington, then Foreign Secretary, was believed to be much in favour of the idea, but his successor, Mr Francis Pym, has had little or no time to come to grips with the issue. Mr Howell would like to get a go-ahead, and it would do much for his political standing if he could get the necessary support in Cabinet.

But there are powerful opponents, not only among the groups whose interests might be affected by a Channel link, such as the ferry operators and the Dover Docks and Harbours Board, but also in the Treasury.

Promoting groups formed to back the various schemes which have been suggested since British Rail launched its comparatively modest rail-only plan in 1979 naturally claim that their projects would give more than an adequate rate of return. Cross-Channel traffic, in passengers and freight, boomed during the 1970s, and although growth in the 1980s looks to be less dramatic, it is conceivable that a Channel link could prove to be the glittering prize so desperately wanted for the railways by Sir Peter Parker, BR chairman.

If the Governments give the go-ahead, however, the real test will be the willingness of the financial markets to put up the money. Capital cost estimates range from £765m (1980 prices), plus 15 per cent for associated infrastructure, for the railways' scheme, to £4.3bn for the Euroroute bridge and tunnel scheme proposed by a consortium which includes the British Steel Corporation. The latter says that 500,000 man years of work over five years would be provided between Britain and France for this scheme.

Merchant bankers advising the various groups are broadly optimistic that the markets would be attracted to a Channel link but say they cannot be specific *"until we know what* the rules are, and that depends on the Government making up its mind and telling us." At least two of the clearing banks have indicated an interest.

Guarantees could be the thorniest problem. The British are not prepared to give financial guarantees that would be a direct call on public spending (the French attitude seems more relaxed). But all the groups would want a political guarantee, particularly a commitment that once started the scheme would continue along with changes in Government.

As far as the rail tunnel is concerned, the Treasury is clearly worried that the operating company would want a contract with the railways which offered a guarantee if traffic returns fell short of projections. BR has talked about guaranteeing about 70 per cent of projected takings over the first 10 years, falling to 50-60 per cent after that. This is unlikely to prove sufficient.

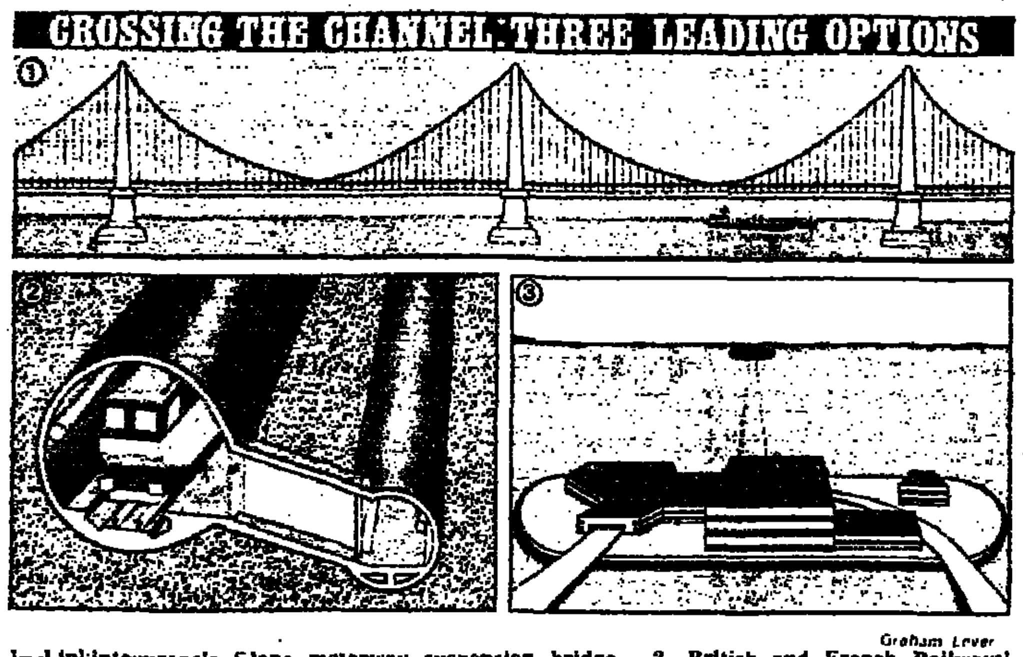
A tunnel or bridge with a road as well as a railway would be more expensive, but more flexible, and the guarantees question might therefore be easier to overcome.

The more ambitious bridge and bridge/tunnel schemes raise additional questions since they are not proven in waters like the Channel, with its densely used shipping lanes.

Whatever scheme emerges as *favourite, a commitment by the* Government to a fixed Channel link would require more than a simple statement in Parliament. Even if the scheme were to be privately financed, there would have to be considerable Government involvement in the legal, planning, and perhaps *financial terms.*

Hazel Duffy
Transport Correspondent

CROSSING THE CHANNEL: THREE LEADING OPTIONS



Graham Lever

1—Linkintoeurope's 6-lane motorway suspension bridge. 2—British and French Railways' "mousehole" single-track rail tunnel. 3—EuroRoute's road and rail bridge and tunnel

France: strong backing for the tunnel option

ONE OF France's strongest long-term supporters of the Channel tunnel is today firmly ensconced in the Hotel Matignon, the elegant eighteenth century town house *which lodges the French Prime* Minister.

Speaking of the project earlier this year, M Pierre Mauroy made it clear that Prime Ministerial office has not changed the ideas he formed as a northern politician anxious to promote growth on his home terrain. In his view, he said, a cross-Channel link anchored on France's northern coast line was a major development that would generate progress "for Europe, our country and the whole of the Nord-Pas de Calais region."

Support from a man who is both head of the Government and a former President of the regional council, has given the Channel link project formidable political backing since the Socialist landslide last May. But it has also limited the French options, because M Mauroy *made one crucial qualification* to his backing. In line with the new Socialist policy of devolution, the plan would have to involve the local regional authorities, he said.

The northern Socialist and Communist councillors—102 out of a total of 108—have duly backed the Prime Minister and thrown their weight behind the project. But it is a support of a very specific kind that has inevitably coloured the French attitude to the kind of link that is acceptable. The region wants to see a relatively cautious, step-by-step development which will not bring violent change and which will yield guaranteed dividends to local industry.

These demands mean support for a tunnel rather than a bridge, and for a limited project that will maintain the traditional activity of the big cross-Channel ports. Behind this preference lies the fear that any of the more ambitious fixed link ideas could destroy the currently booming ferry traffic, and with it the one growth element in the local economy.

Unemployment in the north, *an area of worked-out mines* and run-down heavy industry, now stands at 12 per cent. In pockets along the coastline, however, it is as high as 16 per cent. A bridge, a road tunnel, or even a through train system, it is argued, would simply bypass these unemployment blackspots, generating growth elsewhere and condemning the area to a further cycle of decline.

To back up these arguments, the council has drawn up employment forecasts which suggest that the health of the region can only be assured by marrying the tunnel project with an ambitious development programme for the ports and coastline.

The attitude of the northern council coincides to a large extent with the approach of the French authorities since the last Channel tunnel project was aborted, at considerable cost to the French taxpayer, in 1974.

Former President Giscard d'Estaing was enraged by the unilateral decision. When talks were restarted in 1977, the SNCF, the nationalised railway *company led discussions for the* French, decided to opt for a project that would not run into the sort of opposition that killed the previous tunnel.

The result of this strategy was the joint SNCF/British Rail plan for a single, pure rail tunnel. This was moderately costed, in order to meet British anxieties about financing, and was deliberately based on existing rail links—the previous plan was partly undermined by British environmental opposition to the proposed new fast rail line to London.

The cost appears to present no particular problem to the French. An obvious solution, already advocated by the SNCF, would be to finance the capital costs from the company's normal investment budget, now running at around FFr 7.5bn a year.

On this basis, the SNCF's half of the project would cost around FFr 500m a year over 10 years, just about the same as the expenditure on the new TGV fast line to Lyons.

The main financial worry for the French appears to be the danger of a further unilateral guillotine on the project from perfidious Albion. M Mauroy will insist on strong guarantees against any such blood-letting.

Terry Dodsworth in Paris

Lombard

How banks judge country risk

By David Lascelles in New York

THE GROUP OF THIRTY'S recent survey of the risks of international lending came to the rather predictable conclusion that banks think these risks are increasing, but that the rewards will probably go up too.

One of the most revealing tables, however, had less to do with why banks think these risks are worsening than with why they lend abroad at all. It not only shows some interesting priorities but also contains what can only be described as a blatant untruth, albeit an understandable one (see table).

Asked what factors ranked as "very important" in their decision to lend to foreign countries, banks gave as their most frequent answer, the political and social conditions. The more predictable answer — economic data—ranked only second. This is the first survey the group of 30 has done, so we cannot tell how this order of priorities evolved. But it is *a fair bet that* only a year or two ago, "economic data" would have ranked first. This is, after all, the business of bankers and not diplomats.

The banks' mounting concern with political and social conditions is understandable given events like Poland. And doubtless if the poll was repeated today, the shift would emerge even more strongly given the Falklands crisis.

The Group of 30's poll showed that the vast majority of banks (92 per cent) had increased the resources they devote to country risk analysis by taking on more staff, gathering more information and visiting borrowing countries. But given the many embarrassing situations in which banks have been caught in the past few years, one wonders how effective all *this is—and just how heavily* country risk weighs in the balance when a profitable piece of business is at stake.

Gauging a country's susceptibility to political or social upheaval is not the same thing as calculating the cash flow of a project being financed. Even so, many banks claim to be able to assign a political as well as a credit "rating" to a borrower using a scale of letters or numbers.

This is surely a dangerous practice. It implies that countries can be pigeon-holed according to some system which is probably designed as much to appease the bank's board and shareholders as express a judgment about a country's stability. Who could have predicted only two months ago that Argentina would so suddenly be propelled to the brink of default? Certainly not the dozens of banks who were putting together loans to Argentina just as the war broke out, and have now been forced to put these loans on ice.

But banks like to convey the impression that nothing clouds their better judgment — even sometimes to the point of self-*delusion. The fact that only 15* per cent of the respondents to the poll were honest enough to cite "the involvement of other banks" as a factor in their lending decisions is surely evidence of this. Banks are nothing if not gregarious; they feel secure in each others' company, and *they like to fight for the same* markets. What better way to justify joining a big international loan than to point to the participation of other big names?

The Group of 30's report which accompanied publication of the poll was closer to the *mark when it said: "competi*tive pressures may lead banks to override country risk assessments and engage in imprudent lending. Particularly in the early stages of country lending, competitive behaviour tends to dominate. This can mean that new money will continue to pour into a country once it is 'in vogue' even though signs of economic difficulty may already be evident."

And not only in the early stages. As the report points out, banks were still dishing out new money to Peru, Turkey and Poland when these countries' difficulties were plain for all to see.

FACTORS OF COUNTRY RISK

Factors ranked as very important	By percent of all respondents
Political and social conditions	83
Economic data	80
Judgment of country specialists	64
Key economic forecasts	51
Involvement in other banks	15

Letters to the Editor

The Falklands: understanding the conflict

From Mr R. Grafftey-Smith.

Sir,—There is one principle in defence of which the nation and all the political parties have been united. No country has the right to take by force the territory of another and the British Government deserves the support of its allies, its people and its media for that. It is, however, equally proper that we should not allow a creeping amnesia to obliterate the background to this affair because this will play a fundamental part in an eventual settlement and will in due course form the basis of the inquiry which will inevitably follow on what went wrong.

For 15 years we have been negotiating with Argentina over these islands. Nothing else has commanded so little public interest. Mr Ridley, whose plan emerged some months ago, has been noticeably missing from the nightly line up of political and military pundits conscripted to replace the dearth of visual material from the scenes of conflict. Having accepted that the inspiration of invasion was to divert attention from the disastrous state to which the Argentinian dictators had brought them, it seems perfectly proper for British reporters collectively to report the situation as it appears there, if only to indicate the continuing degree of mythology to which the ordinary Argentinian is subjected.

We cannot both claim that they are a repressed people subjugated by cruel dictators, and at the same time treat them as democratically responsible for the evils of the military activities of their dictators. There is no freedom of press or TV in Argentina and to understand this, it is right to report the propaganda which the junta is churning out. One has only to look at the shattering effect which the eventual truth had on the people of Germany once the war was over.

We are not in a state of total war. Too many other doctrines and plans have been espoused by our political masters in the past 15 years *for us all to be* prepared to stand on our heads over the future of the inhabitants of the Falklands. Unable to supply and protect these dependancies over 8,000 miles, a *modus vivendi* with their large neighbour is essential. In the search *for that accommodation* daily reported to us in the media it is important that the national will is informed of the situation in every aspect. It may be irritating to politicians seeking to achieve a solution by military conflict—and, incidentally, partake in local and by-elections simultaneously—to have doubts or questions raised on their conduct. But this is the nature of that sort of affair in a democracy and it degrades this principle which we have all embraced, to have them carp about BBC reporting of all the news from the scene.

For all those millions who find unfairness in the coverage, there must equally be millions more whose steadfastness is undiminished by being able to see both sides of the coin.

R. T. Grafftey-Smith,
Orchard House,
Cerney Wick,
Cirencester, Glos.

From Mr I. Mitchell.

Sir, — Governments govern people, not land. The Argentine Government's right of sovereignty extends only as far as Argentine citizens, no further.

I. C. N. Mitchell.
78 Greenock Road,
Largs.

From Mr A. Kendall

Sir,—At a time when national unity is of paramount importance, not least to the brave men who are risking their lives in the Falklands, it is sad to see public sector unions like *the* National Union of Public Employees, the Confederation of Health Service Employees and the National and Local Government Officers Association on strike and the Left-dominated civil service unions and the Associated Society of Locomotive Engineers and Firemen all threatening disruption.

All this must be very heartening to General Galtieri and the Fascist junta. When a nation appears divided at home its enemies may well draw wrong and possibly tragic conclusions. Could we have a patriotic moratorium on such action until the Falkands affair is resolved?

Anthong Kendall.
39, Salisbury Road,
Godstone, Surrey.

From Mr R. Simmons

Sir.—Samuel Brittan's humanist arguments (May 6) seem to pose more questions than they provide answers to the Christian dilemma. No one in his right mind relishes violence. The City of London has seemed to be in favour of law and order ever since it first obtained the right to appoint the Sheriff of Middlesex. Has this attitude significantly changed? If, as some politicians aver, democracy means that the will of the majority should prevail should we not all be watching very closely the Republic of China? The fudging of constitutional boundaries to accommodate one's definition of democracy is to play the Argentine's game. If reversing history is acceptable pragmatism, would Mr Brittan like to consider what should be done wthe the 2m Chinese and Indians in Singapore? He should remember that the majority of Singapore citizens over the age of 25 were formerly British subjects! Buying peace at other people's expense may be the latter day practice in certain trade disputes, but this can hardly be claimed to set an ethical standard.

One used to think of Britain as *a place where political* refugees, who were not criminals might seek haven. For economic and political reasons this is no longer true. Many other countries have equivalent policies. If the Falkland Islanders "choose" to leave their homeland, where does Mr *Brittan think they should go?* Is there an area in the United Kingdom equivalent to that in the Falkland Islands, stocked with as many sheep, which can be handed over to them? If the Islanders come here, may they not be compelled to join the queues of unemployed and *be expected to take any farm* labouring job which may be offered? Is not one's independence and self esteem an important part of one's standard of living? What price does Mr Brittan put on this? Is this not the greater part of the British Government's obligation?

Mr Brittan concludes that we should all agree that Argentinian withdrawal is the one condition for a permanent cease fire. But this is the one condition which the junta will not and probably cannot accept. What then does Mr Brittan suggest should be done other than honour our undertaking?

R. G. Simmons,
66, Central Avenue, Pinner,
Middlesex.

From Mr H. Benjamin

*Sir,—Doubtless Mr Brittan en*joyed expressing his extramural views in "Stop the Killing Straight Away" (May 6).

If however he had prefaced these with the statement in his final paragraph . . . "the Argentine withdrawal should be the one condition of a permanent ceasefire . . ." we could have saved ourselves a lot of reading.

H. Benjamin.
Stanhoe Hall,
King's Lynn, Norfolk.

Merchant Shipping Bill

From the Director,
British Federation of Commodity Associations

Sir,—In his article "The worst of a bad job" *(April 29)* Dr A. H. Hermann drew attention to the shortcomings of the Merchant Shipping (Liner Conferences) Bill now in its second reading committee stage in the Commons. In particular Dr Hermann pointed out that the Bill which would enable the UK to accede to the United Nations liner code leaves far too much to regulations made by the Secretary of State rather than defined in the Bill itself.

Commercial lawyers in the City have expressed the view that the number of matters left to regulations is almost unprecedented in a Bill which itself deals with a United Nations code described by Dr Hermann as "extremely vague and nebulous even in crucial provisions." One matter concerns the conditions for recog*nition as a UK shipping line* for the purpose of the code which is not a subject which should be left to secondary legislation.

Another important point not dealt with in the Bill is the protection of non-conference ships which developing countries might seek to exclude from the trade once they have secured their 40 per cent share of liner traffic. The Minister indicated in the committee on April 28, that the exclusion of non-conference lines would not be a breach of the code but that HMG would be prepared to use "the very considerable powers which Parliament has provided" to counter such a situation. One would have thought that these powers should be indicated more specifically in the Bill.

One suspects that the Bill leaves so much to regulations because the Department of Trade has not really thought out the full implications of acceding to the UN liner code and is therefore unable at this stage to define many important matters in the primary legislation.

Other EEC countries are currently considering their own domestic legislation to implement the code and will be looking to the UK as an example. It is a pity it could not be a *better one.*

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UK COMPANY NEWS

Ultramar holds first-quarter profit

DESPITE THE lower trend in oil industry profitability, results of Ultramar for the first quarter of 1982 have held at about the same level as last year. Operating profits, before tax, were £43.7m for the period, compared with £42m for the corresponding three months of 1981.

The results have benefited from the relative strength of the U.S. dollar against sterling, as the greater part of the group's earnings continue to be in dollars.

After charging tax of £21.9m (£20.9m) and unrealised foreign exchange losses of £1.7m (£0.9m gains)—arising mainly from a weak Canadian dollar—the net result was down £0.9m at £20.1m.

Stated earnings per 25p share decreased from 20.5p to 18.7p.

Mr Arnold Lorbeer, the chairman, says the immediate future for the oil industry is uncertain because of continued weak economic conditions and unstable petroleum product prices in the Western world.

Under these circumstances, he says it is difficult to forecast the level of profitability for 1982 but at this stage, it is thought unlikely that the results for the succeeding quarters can be maintained at the same pace as for the first quarter.

Sales for the first quarter amounted to £343.8m, compared with £311.7m, while trading profits rose by £3.7m to £50.7m. The group's Indonesian and Canadian companies contributed most of the profit. The shipping division defied poor trading conditions and contributed a small profit as a result of its activities in the U.S. preference cargo trade.

The results of the group's UK and Californian marketing operations reflected the difficult trading conditions in those areas, while the North Sea production side was adversely affected by high taxes and lower crude oil prices.

There was a sharp drop in oil sales in the first quarter of 1982 as compared with the same period last year. This was partly a reflection of the general worldwide decline in the demand for oil and partly the result of not trading in bulk cargoes through Ultramar's Caribbean companies or processing crude oil in the UK.

Sales of oil for the period declined to 186,100 (225,100) bpd. Oil refined was 91,700 (69,300) bpd and oil produced 9,600 (9,700) bpd. Gas produced averaged 184.4m (187.2m) cubic feet per day; 50 (21) gross wells were drilled and 25 (16) oil and gas wells were completed, in which the group has varying interests.

First quarter capital expenditures totalled £36.3m (£15.5m). The chairman reports that the capital expenditure programme is on schedule and first results from these investments are expected to be seen by the end of 1983.

The programme includes the modernisation of the Quebec refinery, doubling the capacity of the Indonesian LNG plant, the development of the Maureen Field in the North Sea and the construction of six oil-bulk-ore carriers at the Puerto Real shipyard in Spain.

The group's exploration drilling programme in the North Sea and in Egypt is also progressing well and has given some promising leads for future drilling.

Cash flow from operations for the three months was £33.3m (£31.8m) while working capital at March 31 1982 totalled £102.1m, against £77.2m a year earlier.

● comment

Ultramar's first quarter net quarter net profit, slipping about 10 per cent under the buoyant £22m of 1981, was almost exactly what most analysts were looking for. But the shares came off 22p to 438p, probably because the jobbers were sensitive to the chairman's doubts over the rest of 1982. It is quite possible that things may yet go sufficiently awry in Eastern Canada to spoil the 1982 earnings estimates. However, Ultamar has done better so far than other Canadian integrated oil companies, making perhaps £7m in Canada in the three months. In any case, the argument for holding the shares is the upsurge in earnings after the final quarter of 1983, when LNG output from Indonesia should be approaching 120 loads per year (compared with 70 or so at present). In that perspective, a yield of 4.2 per cent may not seem too low. It is the intervening period which gives rise to doubt.

Kwik-Fit slides to £1.56m for year

A SLUMP in second-half taxable profits from £1.88m last time to £0.11m has left full year figures to end February 1982 of Kwik-Fit (Tyres and Exhausts) Holdings showing a marked reduction from £4.01m to £1.56m. Turnover for the 12 months improved from £29.25m to £34.37m.

The board says, however, that the first two months of the current year have already shown asignificant improvement over the same period of 1981.

The final dividend is effectively unchanged at 0.682p net for a total payment of 1.364p (same) per 10p share. Stated earnings per share dropped from 4.36p to 3.57p.

Pre-tax profits for the year included higher exchange and translation gains of £246,000 (£27,00) but lower property and other income of £241,000 (£436,000). Last time, there was also a loss of £42,000 from discontinued operations.

There was a tax credit of £233,000, against a charge of £1.99m previously. In 1981 an extraordinary credit added £1.69m.

In current cost terms, profits, before tax, were £1.19m.

● comment

When it wasn't fitting new tyres and exhausts last year Kwik-Fit spent its spare moments (and there were plenty of them judging by the results) in talking down some heady market forecasts for the year just ended. In that respect it was successful. The virtual disappearance of second half trading profits was greeted with equanimity in the market. The shares rose 4p to 50p though they are still a long way short of last year's 112p peak. Apart from the more general pressures of weaker volumes and tighter margins Kwik-Fit was paying the penalty of rapid physical expansion. When it bought Firestone's 180 depots in the autumn of 1980 and almost immediately sold 80 odd of them on to Dunlop covering the original purchase price it was hailed as a fleet footed deal. But those Firestone depots were more run down than perhaps even Kwik-Fit realised. They lost the group £1.2m last year. But they are being pulled round and should be near break-even in 1982-83. So given a little upswing in the market overall profits could touch £3m pre-tax. Just the beginning of the recovery perhaps—but fairly much in a yield of 4 per cent and p/e on stated earnings of 16.

Receiver called into Woodrow Wyatt

BY JOHN MOORE, CITY CORRESPONDENT

Woodrow Wyatt Holdings, the printing group headed by Mr Woodrow Wyatt, a former Labour MP, is going into receivership. The announcement last night came after a day of speculation following the suspension of the group's shares. Immediately the ubiquitous Mr Robert Maxwell began talks for a possible rescue.

The shares of the company were suspended on the Stock Exchange yesterday. A statement said that dealings had been halted "pending clarification of the company's position."

The company had not yet reported on its last financial year, which ended on March 31. At the time of the suspension the shares were quoted at 7½p, having fallen from 10p earlier this year.

The suspension share prices places a value of £310,000 on the company.

Earlier this year, Woodrow Wyatt reported losses for the half year to September of £596,040 compared with a loss over the comparable period in the previous year of £24,617.

The directors of the company said that the recession caused considerable excess capacity in the company's section of the printing industry which has entailed persistent reduction in profit margins.

Woodrow Wyatt Holdings came to the stock market in 1973.

Barclays Bank has been appointed Receiver to the company.

Mr Woodrow Wyatt said last night: "It is very sad that the printing group, of which I am chairman, felt obliged to ask Barclays Bank to appoint a Receiver.

"Bad conditions in our sector of the printing industry had been causing considerable losses for some time past.

"These were exacerbated by the actions of members of the National Graphical Association at the Banbury factory who, at the beginning of April, refused to discuss necessary plans for reducing unit costs of production and resorted to damaging industrial action. The unavoidable result was receivership.

"With the agreement of Barclays Bank and the Receiver, Mr Robert Maxwell has been given an opportunity to review the situation to see whether constructive proposals can be put forward to enable the business to continue."

King & Shaxson improves

BANKERS King and Shaxson lifted profit for the year to April 30 1982, from £915,229 to £1.08m, after rebate, tax and transfer to contingencies provisions.

A final dividend of 5.5p net per 20p share, up from 4.75p, raises the total to 6.5p (5.75p).

There was a £200,000 transfer to general reserves (same).

In March the investment management subsidiary, King and Shaxson Fund Managers, and subsidiary management companies in Jersey, Guernsey, the Isle of Man and Singapore, were acquired by Britannia Group of Unit Trusts.

The initial consideration was £200,000, and a further deferred consideration will be paid based on the value of the funds under management on June 30 1982.

Bank of Ireland up I£10m

HIGHER pre-tax profits have been shown by the Bank of Ireland for the year to March 31 1982, rising from I£52.7m to I£62.6m.

During the year the directors say improvements were achieved in cost control and operational effectiveness within the group. They point out that a material recovery in group operating profits was negated by the imposition of levies by the Irish Government which they claim were not related to the profits of the bank.

An unchanged second interim dividend has been declared of 3.5p plus an additional dividend of 10.5p (same) on account of the year to March 31 1978. The total for 1981-82 is repeated at 11.5p. Earnings per £1 share are shown as slipping from 88.5p to 82.9p.

Interest costs rose from £4.4m to £6.3m. Attributable profits emerged lower at £36.2m against £38.5m.

On a current cost basis pre-tax profits were £22.8m (£12.8m) and earnings per share were given as 6.9p (12.4p).

● comment

Bank of Ireland had a reasonable year, considering the problems of recession and regulation. The CCA gures draw rings around the stiff tax levy from the Irish Government which push the bank into a CCA loss after tax. Still, I£5m of the company's total tax charge is deferred and it is by no means certain that the levy will be maintained in the current year. Even so, regulatory hassles have meant that the bank is weeks late in putting up its deposit rates after the merchant bank's money market rates have gone up. As a result, deposit growth has slowed signicantly in the latter half of the year, ending up 18 per cent higher at I£26m against I£11.3m last year—due to the deep recessionary climate which shows little signs of abating. Further, the recent wage settlement will mean staff costs swollen by a third in the current year. The shares have been tumbling since the interim announcement but regained some ground in the last few days. Up 2p yesterday to 237p, the yield is around 11 per cent.

Mid Southern

Mid Southern Water Company's recent offer for sale by tender of £7m 9 per cent redeemable preference stock has attracted applications for £9.9m worth of stock.

The lowest price to receive a partial allotment was £100.43. The average price obtained was £100.98.

HIGHLIGHTS

The Lex column today looks at the U.S. airline Braniff International which is seeking protection from its creditors by filing for Chapter 11, and the implications for the airline industry in the U.S. The column goes on to examine the 38 per cent slide in first quarter pre-tax profits at BASF from DM 446m to DM 276m. It considers Guinness Peat's plans to sell off its commodity broking division to a consortium led by Lord Kissin. At the electricals and electronics giant Philips there is a healthier picture with volume moving ahead though first quarter profits slipped from Fl 134m to Fl 116m. Lex also discusses Trident's gamble in buying Playboy which has achieved partial success.

Management may buy Guinness Peat arm

BY PAUL TAYLOR

Guinness Peat, the troubled commodities and banking group, which includes the merchant bank Guinness Mahon, is considering a management buy-out of its commodities trading interests.

Mr Alistair Morton, the former British National Oil Corporation finance chief who took over from Mr Edmund Dell as chief executive of Guinness Peat in January, said the company wishes to reduce its involvement in commodity trading by the disposal of most of its activities in that sector."

Mr Morton said that management together with other investors including Lord Kissin, the group's founder and former chairman, had expressed an interest in forming a consortium to buy control of the group's commodity trading interest "on terms based on net asset worth on April 30."

He said "amicable discussions" were taking place which may result in the disposal of the commodity trading interests of the group subject to shareholders' approval and with Guinness Peat retaining minority interest. Meanwhile the division will continue to trade normally.

The sale of the group's commodity tdading interests, which include the Wilson, Smithet and Cope group of futures trading companies and Lewis and Peat, London's leading phical rubber trader, would continue a major slimming downu process begun by Mr Morton in order to reduce the group's borrowings.

Since Mr Morton took over as chief executive after a long running dispute between Mr Dell and Lord Kissin, the group has announced the sale of its stakes in United International, the U.S. money broking and computerised financial services operation for £18m, and its stake in Performance Tyre, the U.S. tyre-merchants.

In March Guinness Peat announced a pre-tax loss of £7.4m fgor the six months to end Octber 1981 and omitted its final dividend. The company blamed the "disastrous losses" in its Chicago animal fats venture for part of its decline.

The Chicago venture lost £4m in 1980/81 and another £4.9m in the next six months.

The group's strategy has been to reduce its borrowings through disposals and closures. On April 30 last year the group had net tangible assets of £41.84m, long term loans of £29.6m and net short term borrowings of £76.6m. By October 31 net tangible assets had fallen to £26.4m, long term loans to £20.5m and net short term borrowings to £74.3m.

Mr Morton said yesterday that the objective was to take the group out of activities which "consume a lot of cash" for little return.

He said the decision to dispose of the group's commodities trading interests had been taken by the whole board and that there was "no coflict in the boardroom."

Other groups had expressed an interest in buying the commodities trading businesses but Mr Morton said that at the moment discussions were only taking place with the management group. No deadline has been set for these negotiations.

129% rise for former Gill and Duffus chief

THE FORMER chairman of Gill and Duffus, the commodity brokers, received a £119,000 pay rise in 1981, it is revealed in the group's latest report and accounts.

Mr Pat Aitken, an American who left the company as chairman in February, is shown in the latest annual report as having collected a £211,654 salary in 1981 compared with £92,269 in the previous year—an increase of 129 per cent.

Mr Aitken's sudden departure earlier this year came with a statement saying that he was finding the "burdens" of being a transatlantic chairman "not practical in view of the demands of the growing company."

Based in New York, he was chairman for two and a half years, and was with the company for 30 years. At the time of his resignation it was said he had entered into a consultancy agreement with the group's New York operating company.

After the past year, which saw the group make two downward revisions in profits forecasts, uncover big losses in its Hong Kong subsidiary arising from "unauthorised trading," and end with profits almost halved at £12.8m, the latest report contains no new predictions for 1982.

TR Technology

Earnings per 25p share of TR Technology Investment Trust improved from 3.58p to 3.69p, while the dividend for the year ended March 31 1982 is maintained at 3.3p with a same-again final of 2.3p net.

Total income was ahead at £7.71m (£7.2m). Expenses and interest payable accounted for £1.34m (£1.13m) and tax charge increased from £2.03m to £2.24m.

Net asset value per share increased from 121.5p to 128p.

Holt Lloyd profit falls to £3.1m

AS PREDICTED in March by Mr Tom Heywood, the chairman of Holt Lloyd International, taxable profits of this car-care products group ended the 1981/1982 year slightly lower at £3.07m, compared with £3.27m previously.

They had shown a marginal improvement at midyear, rising from £2m to £2.19m.

Full year turnover, to February 27, 1982, rose by 13.4 per cent to £50.85m (£44.85m), but at the trading level profits were behind at £3.73m, against £4.15m.

However, the total dividend is being maintained at 3.17p net by a same-again final of 1.67p—stated earnings per 10p share were a shade higher at 5.6p (5.56p).

Mr Heywood comments that by far the most important factor in announcing a downturn for the second year running was the continuing UK recession. He points out though that the strategy initiated some years ago in extending the group's businesses internationally has not only proved vital to the continuing prosperity of the group, but enabled it to withstand the severity of the recession in the home market.

He says the group is now in a position where 51 per cent of turnover and 68 per cent of trading profits are contributed by overseas operations, against 30 per cent of both turnover and profits six years ago.

The taxable surplus was struck after interest charges of £706,000 (£919,000) and included a share of profits of associates amounting to £47,000 (£43,000).

Tax took £905,000 (£1.11m) and after minorities of £141,000 (£152,000) and taking in extraordinary credits of £7,000 (£125,000) the balance at the attributable level emerged £103,000 down at £2.03m.

Retained profits were £887,000 (£990,000) after dividend payments of £1.14m (same).

Commenting on the results the chairman says that as he reported in March the recession cut savagely into the performance of the UK division—

Overseas, the group operated extremely well, with the European operations, particularly the French company, showing a substantial increase in sales and even better profit growth.

In the U.S., despite the recession there, the group achieved considerable growth, while in Canada there was a break-through. In the Far East the highlight was the new venture in Japan, the potential here being "high." Elsewhere, the chairman says existing distributorships are being consolidated and new ones created.

The Australasian division produced good sales increases but profits, in sterling terms, were "flat" due to higher marketing spending and because of the reorganisation of the New Zealand manufacturing facilities.

Mr Heywood concludes that it is too early in the year to make a confident forecast, particularly as the recession continues worldwide. However, he says the group is well-placed to take advantage of an upturn when it comes.

A breakdown of group sales shows: car care UK £21.59m (£22.67m), overseas and export £25.93m (£19.38m) and food £3.33m (£2.8m).

Current cost accounting reduces the pre-tax figure to £1.96m (£2.31m) and earnings per share to 2.32p (3.11p).

Despite a continuing policy of investment overseas, notably in Japan, the group's overall borrowings have been contained at about a third of shareholders' tangible net funds.

● comment

Holt Lloyd's trading in the UK remained depressed through to the year end. Over the last two years unit sales have fallen by 15 to 20 per cent against a background of quickening price competition, with the almost inevitable result that margins have been squeezed to about 6 per cent. Trading profits in the UK durnig 1981 were thus cut almost in half, to around £1m. It is as well that Holt's overseas diversifications seem to be paying off fairly handsomely. The U.S. business alone contributed about £1m before interest, and France also performed creditably. The maintained dividend gives some support to the shares, yielding 10 per cent (covered historically if not under current cost).

THE TRING HALL USM INDEX
123.2 (+0.1)
Close of business 13/5/82
BASE DATE 10/11/80 100
Tel.: 01-638 1591

LADBROKE INDEX
Close 583-588 (−4)

Charter bid for Anderson brings Scottish opposition

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

CHARTER CONSOLIDATED, the mining finance group, yesterday sent out its formal bid to shareholders to take over Anderson Strathclyde, the Glasgow mining equipment company.

Anderson Strathclyde's board has rejected the bid and launched a campaign to prevent Charter Consolidated from increasing its 28.4 per cent share in the company to win control.

Mr Neil Clarke, chief executive of Charter, in Glasgow to support the offer document, promised autonomy to Anderson in the face of criticism about the potential loss of independence for a key Scottish company.

He said Anderson would benefit from the funds Charter would bring in for future investors.

Charter has offered shareholders 135p per share, which values Anderson at £64m, compared with net assets of £40m in March 1981. Charter says the offer means a substantial payment for goodwill.

Charter has also cast doubts on Anderson's past performance, which drew angry rebuttals from Anderson's chief executive.

Considerable opposition has already grown in Scotland to the takeover bid for the third largest engineering company, and there has been pressure to pass the issue to the Monopolies and Mergers Commission.

Mr Clarke, obviously aware of the uphill battle Charter faces, said he thought it was in the national interests to have healthy companies. "Independence may be an extremely good thing, but let us have healthy companies."

Anderson serves a large market with more than 90 per cent of its products sold outside Scotland, he said. "You've got to have an international dimension to it and not a purely Scottish one."

Mr Clarke said that only about 15 per cent of the shareholders of Anderson had Scottish addresses, which made the issue of Scottish ownership less real than it seemed.

He was asked about the recent decision of the Monopolies and Mergers Commission recommending that rival outside bids for the Royal Bank of Scotland be turned down because of the impact the takeover would have on the Scottish economy.

"If the Commission ruling on the Royal Bank simply means that when you sell by far the greater part of your produce to world markets, you have to be Scottish to do it, then that's an issue I would be very happy to argue before them, because I think it's nonsense."

Mr Clarke and Charter officials yesterday called on the Scottish CBI and the Scottish Economic Planning Department, and there was talk of a visit to the Scottish TUC.

Anderson Strathclyde, Mr Clarke said, "has the attractions of an industry we understand and an industry we selected to enlarge our present interests. It has the characteristic of being able to compete with its major competitors in Germany, the U.S. and France."

He said Anderson had shown signs in the past of having difficulty meeting market requirements.

Charter had carefully researched Anderson's performance among its customers and had found that at times the company had been under strain to meet delivery dates "perhaps because of a lack of investment, they have perhaps been too slow to respond to customer requirements and problems."

Mr Ian Little, deputy managing director of Anderson Strathclyde, claimed however that the increased market share of the company, which was now the world's largest supplier of shearing equipment for mines, showed a good response from the customer.

Mr Clarke said in the offer document that the offer represented a premium of almost 29 per cent over the middle market quotation of 105p per ordinary share on April 28 and a multiple of nearly 17.6 times fully-taxed earnings for the year ending September 30 1981.

He said the scope for long-term growth of dividends at Anderson would be restricted by cash flow constraints caused by heavy investment costs to meet overseas competition.

The document repeats Charter's statement on Anderson's autonomy.

Britannia Arrow active both sides of Atlantic

Britannia Arrow Holdings told shareholders at the annual meeting yesterday about two new deals being set up on different sides of the Atlantic.

The most advanced of the two is an agreement already reached to take over a U.S. investment management group "managing between $500m and $1bn (mostly mutual funds)." The consideration will be "under $10m."

Back in the UK, meanwhile, Mr Geoffrey Rippon MP, chairman, said that Britannia is "in discussion with Mr Robert Maxwell, chairman of British Print and Communication Corporation, with the intention of setting up the Holding and Reconstruction Corporation with an initial equity and loan capital of £3m.

"The purpose of the Corporation," Mr Rippon explained, "will be to restructure companies with the assistance of bankers, customers and trade unions, principally without the necessity of receivership and liquidation, but where appropriate in co-operation with receivers and liquidators."

Britannia has been deliberately vague about the details of the American deal which is still subject to Federal and State regulatory approvals. The company is keen that the identity of the U.S. group should not yet be revealed.

The move, however, will give Britannia its first major presence in the U.S. The group currently manages just over £400m of unitised funds and around £125m of insurance and pension funds.

Discussing the current year, Mr Rippon said that so far "unit trust sales have been in excess of budget and we anticipate continued success in this field.

"We are constantly examining acquisitions which will extend our areas of operation."

Maxwell bids for Lonsdale

Mr Robert Maxwell, chairman of British Printing and Communications Corporation, ended Stock Market speculation last night by launching through BPCC a cash bid for Lonsdale Universal, the office equipment, stationery and printing group.

BPCC had picked up a 10.64 per cent stake in Lonsdale since last month's "dawn raid" on the company by John Menzies. Menzies built up an 11.22 per cent stake before making an offer for the rest of Lonsdale at 60p.

The terms of the BPCC offer, announced last night by its advisers Henry Ansbacher and Co., is 66p cash for each Lonsdale share. This places a value on the company of £5.9m.

Earlier this week, a letter from the Lonsdale board to Menzies shareholders gave the company's guarded blessing to the offer, pointing out that the bid was "in excess of the value which might otherwise be attributable to your shares."

Mr Norman Ramseyer, Lonsdale's chairman, however, advised ordinary shareholders that they may wish "to wait until the intentions of third parties became clearer."

Although in the UK, Mr Maxwell was not available for comment yesterday. The stock market, meanwhile, is still hoping for further developments, though the Lonsdale share price slid 3p to 65p.

● Mr Maxwell announced yesterday that BPCC is paying £3.56m in cash to buy the assets of Finlas Printing and Publishing from the joint receivers.

The assets comprise book debts of £1.8m with the balance made up of stock, work in progress, plant and equipment, freehold and leasehold properties.

BPCC is negotiating to re-sell the assets of the Holsworthy Art Products and Publishing companies "which do not fit into the business profile of BPCC."

Mr Maxwell said he expects the retained parts of Finlas to break even in the first year.

Lloyds and Scottish profits are halved

A NUMBER of factors have contributed to Lloyds and Scottish, financier, reporting substantially lower pre-tax profits for the half-year to March 31 1982 when the figure fell from £12.79m to £6.48m.

The two main factors resulting in the downturn were the financing costs of acquiring Bowmaker and the purchase of the assets of Hamilton Leasing. On February 12 the acquisition of Bowmaker, a finance house subsidiary of C. T. Bowring, was completed for a cash consideration of £66.5m. Hamilton Leasing was acquired from FFI (UK Finance), a subsidiary of Finance for Industry, for a total consideration of £46.5m.

An interim dividend is being paid of 1.89p — last year a single payment of 5.57p was made from pre-tax profits of £29.24m. Tax for the half-year fell from £6.2m to £2.06m. Minorities took £187,000 compared with £339,000. Stated earnings per 20p share were lower at 3.56p compared with 5.26p.

The directors say first half profits were also affected by business written in the preceding six months to September 30 1981 when Base Rate average was 13.25 per cent.

They say that this increase in the cost of money of over 2 per cent adversely affected profits in the instalment credit and leasing division, which suffered also from higher overhead costs and the continuing high level of arrears.

In spite of the low level of economic activity, they say a number of companies in the industrial and commercial division earned higher profits than in the corresponding period last year.

Profits from the international division and, in particular, James Talcott Factors Inc. of the U.S., also increased.

Lloyds and Scottish is a subsidiary of Lloyds Bank.

Weather hits North Midland Construction

Bad winter weather before and after the Christmas-New Year holiday, combined with a temporary downturn in civil engineering work, hit profits at North Midland Construction.

In the half year to February 28, 1982, profits of £46,637, down from £102,498, were recorded after all charges, including tax of £50,524 (£111,040). Turnover eased from £3.91m to £3.82m.

The interim dividend is being held at 0.65p net per share. Last year's total was 2.4p. Stated earnings per 10p share were 3.4p, compared with 6.4p.

Domecq having talks to buy out minority in Luis Gordon

SHARES in the Luis Gordon Group, the Domecq sherry importer and distributor, were suspended yesterday when it was announced that discussions are taking place over a possible buy out by Domecq of the minority share holdings in Luis Gordon that it does not already own.

The announcement said that discussions are being held to determine whether agreement can be reached on a recommended offer by Pedro Domecq Finance S.A., a wholly owned subsidiary of Domecq for the outstanding minority shares of Luis Gordon which are not already owned by the Pedro Domecq Group.

Domecq announced its intention last month to exercise part of an option it has under a 1976 agreement to subscribe for up to 3m new ordinary shares of 10p each. After the increase which has now gone ahead, the Domecq shareholding in Luis Gordon has risen from 52 per cent to 69.36 per cent.

Luis Gordon made a pre-tax loss of £465,000 on turnover of £14.97m in the 12 months ended December 31, 1981. Domecq injected about £540,000 into Luis Gordon to strengthen the company's capital base and to offset the loss and this year is contributing £550,000 towards a major marketing and advertising programme.

Reports from Spain suggest that the recession in sherry sales could be bottoming out. The two companies have held talks for the past week or so over a possible agreement and a further announcement is expected within the next week. The Luis Gordan share price closed at 20p on Wednesday.

Luis Gordon is the sole distributor for Domecq products in the UK and this country still remains the most important sherry market in the world. Sales last year fell sharply due to an overall drop in consumption and a switch to cheaper competitive brands. Luis Gordon expects to save £250,000 from cost cutting economies during 1982. It employs about 126 people and also handles table wines, brandy, liqueurs and port.

Barclays International Far East deal

BY PAUL TAYLOR

Barclays Bank International is extending its consumer finance interests in the Far East in a deal involving Jardine Matheson, the diversified Hong Kong trading company.

BBI and Jardine Matheson are trebling the paid-up capital of United Merchants Finance to HK$75m (£7.02m) in an arrangement which will increase BBI's stake in the Hong Kong consumer finance company from 40 per cent to 50 per cent. Jardine Matheson will retain the other 50 per cent.

UMF has assets of about HK$512m and plans to expand its consumer finance business from its base as a provider of car hire purchase and other consumer finance. The company's assets have increased from HK$215m in 1977, the year after BBI acquired its stake from UDT.

BBI will also take over Jardine Barclay's other interests in consumer finance companies in Japan, the Philippines and Thailand.

Barclays said these changes reflect the need to concentrate minority shareholdings in the companies in the hands of one shareholder. The bank added that the move also reflected its confidence in the continuing expansion of consumer credit in the region.

AGB RESEARCH ACQUISITION

AGB Research's wholly owned subsidiary, AGB Publications, has acquired Westbourne International Holdings, a trade magazine publishing and international exhibition organisation company in a deal worth an initial £1.25m.

AGB has paid £1m in cash and the balance has been covered by a 6 per cent loan note redeemable on Mayl 12, 1983. Additional sums may be payable up to that date based on a profit-related formula on Westbourne's results for the year ending June 30 1983.

AGB sees the Westbourne activities complementing its own magazine and marketing services. AGB Research is one of the largest research organisations in Europe and reported pre-tax profits of £2.04m on turnover of £18m for the six months to October 31, 1981.

GT. NORTHERN

The offer by Great Northern Investment Trust for RIT has been declared unconditional.

Acceptances of the offers have been received as follows: 21.57m ordinary shares (82.7 per cent); 506,000 3.5 per cent cumulative preference shares (74.8 per cent); 512,000 4.2 per cent cumulative preference shares (84.6 per cent).

Dealings in new ordinary and preference shares in Great Northern will start not later than May 21 1982. Share offers remain open for acceptance until further notice.

BANK RETURN

	Wednesday May 12 1982	Increase (+) or Decrease (−) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	..
Public Deposits	37,623,519	- 1,266,938
Bankers Deposits	520,830,492	+ 92,109,308
Reserve and other Accounts	1,813,513,111	- 126,390,411
	2,386,520,122	- 217,232,781
Assets		
Government Securities	598,932,756	+ 107,380,000
Advances & other Accounts	1,137,926,857	- 26,764,769
Premises Equipment & other Secs.	644,146,698	+ 105,649,746
Notes	5,279,229	- 22,568,814
Coin	234,585	+ 7,080
	2,386,520,122	- 217,232,781
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,600,000,000	- 150,000,000
In Circulation	10,594,720,771	- 137,451,186
In Banking Department	5,279,229	- 22,568,814
Assets		
Government Debt	11,015,100	—
Other Government Securities	3,051,666,149	- 165,265,471
Other Securities	7,537,318,751	- 15,265,471
	10,600,000,000	- 150,000,000

Companies and Markets

MINING NEWS

WMC seeks new partner for uranium project

BY GEORGE MILLING-STANLEY

AUSTRALIA'S **Western Mining Corporation (MWC)** is searching for a new partner or *partners for the development of* the Yeelirrie uranium project in Western Australia, following *the decision by* **Esso Exploration and Production (Australia)** to withdraw from the venture.

Esso, a subsidiary of the U.S. oil major **Exxon**, said yesterday that it was withdrawing because its continued involvement was no longer economically viable under the terms of the joint venture agreement and its assessment of the outlook for the uranium market.

Sir Arvi Parbo, WMC's chairman, revealed that some potential partners had already shown an interest in the project, reports **Ian Perkin** from Mel*bourne. WMC has a 75 per cent* interest in the venture.

The third partner, West *Germany's Urangesellschaft* with 10 per cent, is reconsidering its position following Esso's *withdrawal. It seems likely that* the company will want to maintain its involvement in the Yeelirrie project, as it is committed to further exploration elsewhere in Australia.

UG could even decide to acquire some or all of the 15 per cent interest which is being relinquished by Esso.

Esso's withdrawal will come at the end of stage 1 of the project, towards the end of this year or early in 1983.

The company said it will honour its agreement with the other partners in full, which *means principally that it will* be responsible for 80 per cent of the estimated A$24m (£14m) *cost of stage 1.*

Esso assumed responsibility for this share of development *costs, which might appear dis*proportionate in relation to its equity interest, partly because *it bought into the project some* time after the initial discovery was made, and also because it was to receive a 50 per cent share of the uranium output.

WMC said that while it would have preferred Esso to remain part of the venture, all efforts will now be concentrated on restructuring the project so that it can go ahead.

The shares reacted sharply to the news in London yesterday, falling 19p to 218p.

Long-term confidence at Amax

LIKE MOST other leading mining companies, Amax of the U.S. is tackling the present depressed state of the world's metal markets by limiting both short and long-term spending where possible.

The group remains confident *that it can meet the economic* challenges, according to Mr Pierre Gousseland, the chairman. *In its attempts to reduce* spending in the short term, Amax has cut production levels *in many commodities to match* demand. The most notable example is in molybdenum, where the group is the world's biggest producer.

The big Henderson and Climax mines in Colorado are already working at about 60 per cent of rated capacity, and further reductions by another 20 per cent are in train.

Amax's total workforce has this year been cut by 2,500, and a further 650 jobs will go next month.

Elsewhere, Amax has closed its phosphate operations in Florida, and these will remain shut-down for the rest of the year as a result of reduced demand.

The major long-term expansion projects to be postponed include the big but low-grade molybdenum prospect at Mount Tolman in Washington. Amax had been contemplating expenditure of between $500m (£272m) *on this deposit.*

However, the group is attempting to maintain those projects which will be profitable in the *future, and with this in mind,* the molybdenum deposit at Mount Emmons in Colorado is *being reassessed.*

This deposit, unlike Mount Tolman, is of a similar type to *Amax's existing mines in the* state, with several zones of high-grade ore. These zones suggest *a potential for profitable* exploitation as soon as there is an upturn in demand.

Amax is currently bearing the burden, in terms of interest charges, of molybdenum stocks amounting to well over one year's consumption at current rates.

This is the highest level for more than 10 years, but should be readily turned to profit as soon as the steel industry, in particular, comes out of recession.

Nickel stocks are also high, but Mr Gousseland commented that sales here are still at a high level. In fact, he expects Amax to sell about twice as much nickel this year as it will produce, thus reducing the stockpile and cutting financing charges.

Another method of reducing interest charges would be to sell any assets not central to the *group's future prospects,* and this possibility is being explored, Mr Gousseland said.

Reef/Basin takeovers

A STATEMENT from Australia's **Reef Oil and Basin Oil**, replying to the proposed takeovers of the *companies by* **Bond Corporation**, will be sent to Reef/Basin shareholders by May 21, according to *Mr David Tulloch, chairman of* Reef and Basin.

The statement, Part B, will in*clude a full valuation of Reef* and Basin by consultants Martin Corporation. A previous statement, Part A, was sent to shareholders on May 7.

Mr Tulloch advises shareholders to wait for the information in the Part B statement before making a decision regarding the takeover offer.

Bond Corporation is offering A$1.30 (76p) a share for Reef Oil and A$1.50 (87p) a share for Basin Oil. Bond currently holds *a* 49.9 per cent interest in Reef and 30.86 per cent of Basin.

Mr Tulloch was appointed *chairman of Reef and Basin on* April 22, following the resignation of Mr Alan Bond.

P & O sees improvement in current year trading

IMPROVED RESULTS for 1982 are looked for by **Peninsular and Oriental Steam Navigation Company** despite the disruption caused by the Government's requisition of Canberra, Elk, Uganda and Norland, Lord Inchcape, the chairman, reveals in his annual report to shareholders.

He says that the company will benefit from the elimination of *loss-making or low profit earning activities* and from some improvements in volumes *moving in export trades.*

As already announced the current year has not started as badly as 1981, but the company has had to contend with continuing industrial disputes in the ports of Southampton and Middlesbrough — although the chairman points out that these disputes have been settled, at least for the time being.

He adds that the continuing success of P & O Cruises has encouraged the directors to place an order for a *new cruise ship* intended for operation in the American market after delivery *in 1984. The ship will be built* in Finland.

As reported on May 6, the group returned pre-tax profits of just under £41m for 1981 compared with £47m, after a sharp rebound in the second six months. First-half profits had tumbled from £12.9m to £729,000 as a result of various industrial disputes and slack world trade.

The consolidated balance-sheet for 1981 shows shareholders' funds at £477.88m (£467.06m) and net current assets at £6.58m (£15.94m). Capital commitments totalled £16.64m (£10.28m), including ships under construction and on order and modifications to existing ships. Meeting will be held at the Baltic Exchange, EC, on June 10 at noon.

Revenue rise at Cedar Inv.

REVENUE before tax of £1.13m, up from £1.09m, is reported by **Cedar Investment Trust** for the half year to March 31 1982. Total income rose from £1.21m to £1.28m.

As already announced, the interim dividend is 1.7p net per *share (same); the previous year's* total was 4.6p, from pre-tax revenue of £2.41m. Net asset *value per 25p share is given as* 124.7p (122.2p) after deducting prior charges at par but treating the 9 per cent convertible unsecured loan stock as fully converted.

Revenue after tax was £744,786 (£703,936).

The directors conclude that unitisation would better serve the interests of shareholders.

It may be some time until certain consents and tax clearances from the Department of Trade *and Industry and the* Inland Revenue are obtained. Definitive proposals, which *the directors feel shareholders would find* attractive, cannot be submitted to shareholders until then.

They say *shareholders* who contemplate taking any action before receiving these proposals should consult their financial advisers.

SPAIN

May 13	Price %	+ or −
Banco Bilbao	344	
Banco Central	336	
Banco Exterior	302	−2
Banco Hispano	310	+4
Banco Ind. Cat.	114	
Banco Santander	325	+1
Banco Urquijo	204	
Banco Vizcaya	238	
Banco Zaragoza	248	+2
Dragados	148	−2
Espanola Zinc	69	
Fersa	66.2	
Gal. Preciados	40	
Hidrola	67.7	
Iberduero	52.7	+0.7
Petroleos	90.5	−0.7
Petroliber	99	
Sogefisa	6	
Telefonica	72.5	+2
Union Elect.	66	−1.7

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bank of Ireland‖ 2nd int.	3.5¶	—	3.5	11.5	11.5
Davenports Brewery int.	1.21	July 2	1.16	—	4.29
Hawkins and Tipson int.	Nil	—	Nil	—	1
Hawtin	Nil	—	0.25	Nil	0.25
Holt Lloyd	1.67	July 30	1.67	3.17	3.17
King and Shaxson	5.5	June 15	4.75	6.5	5.75
Kwik-Fit	0.68	—	0.68*	1.36	1.36*
Lloyds and Scottish int.	1.89	Aug 2	—	—	5.57
N. Midland Const. ... int.	0.65	—	0.65	—	2.4
Porter Chadburn	0.35	—	1.3	0.35	2.6
Seccombe Marshall	14§	July 1	12	20§	18
TR Technology Invest.	2.3	—	2.3	3.3	3.3
Vaux Breweries ... int.	2.75	July 9	2.5	—	7.5
Warner Est. ... int.	3.5	—	3	—	8

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § Includes special anniversary bonus of 2p. ¶ Plus additional dividend of 10.5p on account of year to March 31 1978. ‖ Irish pence throughout.

Marginal rise by Davenports

Turnover of the Birmingham-based **Davenports Brewery (Holdings)** fell from £13.66m to £13.07m for the half-year to April 3, 1982, while pre-tax profits were marginally ahead at £624,000, compared with £617,000.

Stated earnings per 25p share edged up from 3.61p to 3.66p and the interim dividend is higher at 1.21p (1.155p) net.

Seccombe Marshall

Profit after tax and transfer to reserve for contingencies at **Seccombe Marshall and Campion**, bill broker and banker, improved from £338,857 to £409,723 in the year to April 30 1982. The board proposes a one-for-seven scrip issue.

The final dividend is unchanged at 12p, but there is a special 60th anniversary payment of 2p.

LONDON TRADED OPTIONS

May 13. Total Contracts 2,892 Calls 2,550, Puts 342

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	260	66	—	74	3	—	—	314p
BP (c)	300	30	1	40	—	50	—	"
BP (c)	350	13	—	21	7	30	3	"
BP (p)	280	5	—	10	2	—	—	"
BP (p)	300	11	4	22	—	28	—	"
BP (p)	330	26	30	36	—	42	—	"
CU (c)	130	14	1	19	—	15	24	136p
CU (c)	140	8	—	15	4	—	19	"
Cons. Gld (c)	390	17	—	27	4	40	—	377p
Cons. Gld (c)	420	10	3	16	—	25	—	"
Ctlds. (c)	70	27	13	30	—	—	—	94p
Ctlds. (c)	80	17	22	21	—	25	5	"
Ctlds. (c)	90	9½	40	13½	9	18	20	"
Ctlds. (c)	100	4½	38	8½	—	11	23	"
GEC (c)	850	65	4	95	—	123	—	887p
GEC (c)	900	34	1	59	2	85	—	"
GEC (p)	850	12	—	19	10	32	—	"
Gr'd Met. (c)	200	24	2	29	1	35	—	217p
Gr'd Met. (c)	220	10	57	15	13	20	—	"
Gr'd Met. (p)	200	5	25	9	—	12	—	"
Gr'd Met. (p)	220	11	21	18	10	20	—	"
ICI (c)	330	15	28	24	4	32	—	324p
ICI (c)	360	5	—	10	25	—	—	"
ICI (p)	300	6	12	10	10	13	—	"
ICI (p)	330	18	42	22	10	26	—	"
Land Sec. (c)	280	20	1	32	—	40	—	288p
Land Sec. (c)	300	11	4	23	3	29	—	"
Mks & Sp. (c)	130	35	16	39	30	—	—	165p
Mks & Sp. (c)	140	25	3	29	1	32	—	"
Mks & Sp. (c)	160	9½	3	13½	5	17	—	"
Shell (c)	420	19	1	25	—	38	—	416p
Shell (p)	360	5	—	8	30	—	—	"
Shell (p)	390	9	6	22	—	28	—	"
Shell (p)	420	22	40	32	—	40	—	"
		August		November		February		
Barclays (p)	420	6	—	15	2	—	—	460p
Imperial (c)	70	32½	12	—	—	—	—	97p
Imperial (c)	80	22½	8	24½	—	—	—	"
Imperial (c)	90	14½	293	16½	—	20	—	"
Imperial (c)	100	7½	1583	10½	45	13	—	"
Imperial (p)	100	6½	83	8½	—	9½	2	"
Lasmo (c)	300	55	1	67	—	—	—	337p
Lasmo (c)	330	37	4	50	—	68	—	"
Lasmo (c)	390	14	3	—	—	—	—	"
Lonrho (c)	70	6	1	8½	4	9½	—	70p
Lonrho (c)	80	2½	2	4	14	5½	—	"
P & O (c)	140	11	4	15	20	23	—	149p
P & O (c)	160	5	54	8	11	12	—	"
Racal (c)	350	102	—	115	1	—	—	421p
Racal (c)	390	50	1	67	—	83	—	"
Racal (c)	420	30	2	47	—	63	—	"
Racal (c)	460	11	4	25	—	40	—	"
Racal (p)	420	28	3	33	—	40	—	"
RTZ (c)	460	18	58	32	4	42	19	439p
Vaal Rfs. (c)	50	2	—	3½	7	4	—	$46

C=Call   P=Put

Vaux Breweries better than forecast at £3.5m

AGAINST EXPECTATIONS, a small gain in pre-tax profits was shown by Sunderland-based Vaux Breweries for the 24 weeks to March 20 1982. Profits amounted to £3.47m, compared with £3.42m, on turnover £6.9m higher at £43.75m.

"Trading profits in the latter part of the period covered picked up," says Mr Paul Nicholson, chairman. Hotel bedroom and beer sales outside the north east were better, he adds.

The moves of the past few years into hotels and brewing outside the north east make the group less dependent on the region's problems, says Mr Nicholson, and the company is now in a better position to benefit if the economy recovers.

At the last annual meeting in February the chairman had stated that sales in the first half of the year had not been good, and that, after taking into account increased interest costs, pre-tax profits would probably be some 10-15 per cent behind last year's.

There was an interest charge this time of £442,000 against income of £110,000.

The interim dividend has been lifted from 2.5p to 2.75p net. In the 53 weeks to October 3 1981 a total of 7.5p was paid from pre-tax profits of £9.49m from turnover of £86m.

Overseas Mr Nicholson says that investment in Australia produced encouraging results, while the Belgian brewery did well, especially taking into account the state of that economy. The American brewery made a small loss but there are signs that it "should come right next year."

The results take in only 12 days' trading for the London International Hotel acquired on March 8. So far, Mr Nicholson says, this hotel is ahead of its forecast.

Results from the 20 per cent holding in Tyne Tees Television acquired in January, have also been included. Television sales have been buoyant.

Pre-tax profits were struck after a contribution from associates this time of £67,000. Tax took £1.31m compared with £938,000, leaving profits after tax of £2.17m, against £2.48m.

After minority interests of £17,000, attributable profits emerged at £2.15m (£2.48m). Dividends absorb £896,000 (£805,000).

The main activities of the group are brewing ales and lager; bottling beers, wines, spirits and minerals; wholesaling and retailing; hotel keeping; ownership and operation of public houses and off-licensed premises.

● comment

Vaux has surprised the market with better-than-expected figures and the shares took on 10p in the day to reach a high for the year of 148p. The company managed to hold the drop in beer volume to 6 per cent which is very near the industry average. At the same time, it has propped up margins through strict cost controls and productivity improvements. Hotels have staged an unexpected recovery and should provide at least £2.5m trading profits for the year, a significant increase on last year. London International, alone, should kick in £0.5m which will amply cover its finance costs. The American brewery will make a £200,000 loss this year, but Vaux expects it to turnround in 1983. The company looks on course to comfortably meet, and perhaps exceed, last year's £9.5m pre-tax profits. This means that the shares trade on a fully-taxed multiple of around 10, which does not seem overly demanding. Prospects of an improved final give a yield of more than 8 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: M. J. Gleeson, Grand Metropolitan.

Finals: Allied Plant, James Beattie, Coptain Industries, Leeds Group, Meltex, Tronoh Mines Malaysia, Westland Investments.

FUTURE DATES

Interims —	
Common Brothers	May 19
Cosalt	May 24
French (Thomas)	June 18
Greenall Whitley	May 27
Herman Smith	May 20
Lep and ...	June 2
Western Selection and Devel.	May 27
Finals.—	
Atkins Brothers (Hosiery)	June 8
Brown and Jackson	May 21
El Oro Mining and Explo.	May 19
Fairbairn Lawson	May 19
M... Investment Trust	May 27
London ... Properties	July 14
Readicut International	June 2
Vosper	May 20
Waterhouse (Thomas)	May 18

London listing for Nabisco

Nabisco Brands has been granted a listing for its shares on the Stock Exchange with effect from Monday May 17 1982. Sponsors to the introduction are N. M. Rothschild and Sons and Hoare Govett.

Nabisco Brands came into existence in July 1981 through the merger of Nabisco with Standard Brands. Nabisco Brands has bid 115p in cash or 120p in shares for each share in Huntley and Palmer, valuing that company at £83m or £85m. The Monopolies Commission is due to report on the bid by the end of September.

Hawtin £125,000 in the red

WITH TURNOVER falling from £11.14m to £9.44m Hawtin, manufacturer and distributor of protective clothing and safety equipment, finished the year to January 31 1982 £125,000 in the red at the pre-tax level, compared with a £270,000 profit previously.

The company was already £122,000 in deficit after six months, against a surplus of £229,000 for the corresponding period.

Full year loss per 5p share was given as 0.24p (0.32p earnings) and the dividend is being passed (0.25p net).

The pre-tax loss was after interest charges of £192,000 (£316,000). There was a tax credit of £14,000 (£75,000) leaving the net deficit at £111,000 (£345,000 profit).

Extraordinary debits totalled £399,000 (£210,000). These comprised goodwill written off £214,000, surplus on the redemption of debentures £1,000, surplus on the sale of properties £48,000 and closure and reorganisation costs of £234,000.

The directors say trading in the second half remained at a depressed level, particularly in December and January when trade was affected by the severe weather. Increased losses occurred in both the manufacturing subsidary in Louth and at the engine reconditioning offshoot in London, and the group sustained a net loss of £18,000 during this period.

Steps have been taken to close the factory at Louth and to transfer its operations to E. D. Hollingworth and Son. Also, agreement has been reached for the sale of the engine reconditoning company, with any losses on the sale included in the extraordinary items.

CCA pre-tax losses were £245,000 (£49,000 profit).

Bestobell sees improving trend

Mr A. B. (Sandy) Marshall, the chairman of Bestobell, told the annual meeting he anticipated that the group would hold steady for the first half of the current year and could look with some confidence for an element of improvement in the second six months.

He said that the integration of Armtec Industries, the U.S. electronics company acquired in February for $7.5m (£4.06m), had proceeded smoothly and that the company was expected to contribute effectively to group profits in 1982.

Referring to the group's UK business the chairman said he was becoming increasingly confident before the Falklands dispute and still believed the underlying position had not been affected adversely. He hoped the group would "see a continuation of the steady, albeit slow, improvement in UK trading."

The group's U.S. interests, he pointed out, were enhanced by Armtec and it was hoped that this would at least balance the slowdown in civil aviation activities.

He added that it may be there will be some increase in offtake for military and other aerospace interests.

Mr Marshall said Australia showed signs of coming out of the difficult position of last year but South Africa and Zimbabwe both faced more difficult trading conditions in 1982 and that the company did not look for as much growth there as in recent years.

Europe, however, had started the year well.

He told the meeting that it was planned to increase the authorised share capital to £5.65m which would give the group an opportunity for further acquisitions.

Difficult short-term task for Currys

IN THE very short term, Curry's Group, the domestic electrical appliance retailer, has a difficult task to increase profits. However, the group enters the new year with enthusiasm and plans to continue to expand operations, maximise opportunities and improve performance, says Mr Dennis Curry, the chairman.

He tells members in his annual statement that looking at business prospects in the short term, it must be said that conditons are expected to continue to be difficult. Retail price inflation on Currys merchandise is very small and while there is a general expectation of an improvement in the economy, the chairman says it may be some time before this benefits the retail trade.

Looking to the future, the group's investment will continue. Currys is committed to expand further its rental operation, the Bridgers Discount chain, and the substantial business conducted outside the group by its service subsidiary, CGS.

Expansion of the traditional Currys chain of shops continues. A major task for the future will be replacing units with bigger and/or better shops. This programme will take several years to complete.

The group looks forward to producing the best results possible in 1982.

As reported April 20, group pre-tax profits for the year ended January 27 1982, fell by £1m to £11.27m. Turnover, comprising cash sales and receipts from credit and rental trading, reached £279.3m (£261.17m).

Group shareholders funds at the year end were up from £65.81m to £73.32m. Fixed assets totalled £50.14m (£33.53m), while net current assets decreased from £31.49m to £24.29m.

Meeting, Ealing, W, June 7 12.30 pm.

Electrical and Industrial at £660,903

Profits after tax for Electrical and Industrial Investment fell from £963,766 for the 15 months to March 31 1981 to £660,903 for the year to March 31 1982.

The final dividend of this company, which is wholly owned by the BET Group, is 405p, making a total of 605p (825p).

Earnings per £1 deferred ordinary share were shown as lower at 652p (952p). Net asset value rose slightly from £138.44 to £140.67.

Tax took £288,813 (£335,442)

The amount added to retained profits fell from £127,391 to £46,803.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$300	—	—	—	—	6	58	$331
GOLD C	$325	2	12	33	33	—	—	"
GOLD C	$350	3	1	—	—	—	—	"
GOLD C	$375	—	—	10	9	3	18.50	"
GOLD C	$400	—	—	100	5	1	12	"
GOLD P	$300	—	—	1	7	—	—	"
GOLD P	$325	8	3.10	10	12	11	18	"
GOLD P	$350	30	19 B	200	27	—	—	"
GOLD P	$375	10	43 B	4	43	—	—	"
12¾ NL 81 87-91								
C	F.112.50	5	2.60	200	3.10	22	3.30 A	F.115
C	F.115	—	—	35	1.30	10	2	"
C	F.117.50	—	—	2	0.80	—	—	"
P	F.107.50	—	—	—	—	20	0.40	"
P	F.110	—	—	100	0.40	100	0.80	"
P	F.112.50	—	—	5	0.90	—	—	"
P	F.115	—	—	—	—	5	2.40	"
10¾ NL 80 86-95								
C	F.100	5	2.60	—	—	—	—	F.102.60
11¼ NL 82 88-92								
C	F.102.50	30	2	10	2.40	15	3	F.104.50
C	F.107.50	—	—	200	0.60	—	—	"
10 NL 82 86-89								
C	F.100	—	—	20	1.10	—	—	F.99.70
C	F.102.50	—	—	—	—	3	1	"
		July		Oct.		Jan.		
ABN C	F.300	3	3.50	—	—	—	—	F.290
ABN P	F280	10	2.50	4	5	—	—	"
AKZO C	F.25	65	4.70	—	—	—	—	F.29.30
AKZO C	F.27.50	—	—	5	2.50	—	—	"
AKZO C	F.30	55	0.90	69	1.50	7	2.20	"
AKZO P	F.27.50	25	1	10	1.20	—	—	"
AMRO C	F.50	—	—	5	4.60	—	—	F.53.70
AMRO C	F.55	—	—	—	—	14	2.40	"
HEIN C	F.55	3	7.70 A	—	—	—	—	F.62.20
HEIN C	F.60	4	4.60 A	—	—	—	—	"
HEIN C	F.65	10	1.60 B	17	3	12	4.20	"
HEIN P	F.60	—	—	20	2.50	—	—	"
HEIN P	F.65	—	—	—	—	10	5	"
HOOG C	F.17.50	—	—	45	1	—	—	F.15.80
HOOG C	F.20	10	0.30	—	—	—	—	"
HOOG P	F.15	19	0.60	20	0.80 B	—	—	"
HOOG P	F.17.50	—	—	8	2.40	—	—	"
KLM C	F.100	12	8.70	—	—	—	—	F.103.80
KLM C	F.110	58	4.70	—	—	—	—	"
KLM C	F.120	30	2.40	—	—	—	—	"
KLM P	F.90	10	1.40	—	—	—	—	"
KLM P	F.100	18	4	5	6.30	—	—	"
NEDL C	F.120	5	10.80 A	—	—	—	—	F.130
NEDL C	F.130	13	2.40	5	4.90 A	—	—	"
NEDL C	F.140	23	0.80 A	30	2.50	—	—	"
NEDL P	F.110	22	1	—	—	—	—	"
NEDL P	F.120	—	—	5	6.20	—	—	"
NEDL P	F.130	22	11.20	—	—	—	—	"
NATN C	F.110	3	9.50 A	—	—	—	—	F.119
NATN C	F.115	—	—	—	—	3	5.50	"
NATN C	F.120	—	—	6	2.80	—	—	"
PHIL C	F.20	20	4.70	—	—	—	—	F.24.80
PHIL C	F.22.50	83	2.30	25	2.60	15	3.20	"
PHIL C	F.25	68	0.70	145	1.20	32	1.70	"
PHIL C	F.27.50	5	0.20	5	0.50	—	—	"
PHIL P	F.22.50	100	0.60	—	—	—	—	"
PHIL P	F.25	—	—	10	1.60	5	1.90	"
RD C	F.90	40	4.40	25	5.50	—	—	F.93.50
RD C	F.100	26	1.10	116	2.10	18	2.90	"
RD P	F.90	26	3.10	6	4.30	—	—	"
		May		Aug.		Nov.		
MANN C	DM.140	—	—	4	5	—	—	DM140
MANN C	DM.150	—	—	10	1.50	—	—	"
SIEM C	DM.240	—	—	10	1.50	—	—	DM221.50
VW C	DM.150	—	—	10	5	—	—	DM149

TOTAL VOLUME IN CONTRACTS: 2765

A=Asked B=Bid C=Call P=Put

Singapore asked to support curb on tin smuggling

BY WONG SULONG IN KUALA LUMPUR

MINING MINISTERS of Malaysia, Indonesia and Thailand meeting in Kuala Lumpur today will ask Singapore to help in enforcing the tin export control restrictions announced by the International Tin Council.

A senior Malaysian official said an increase of smuggled tin into Singapore can be expected in the coming weeks as mines in the three countries try to circumvent the quotas given to them by passing on their surplus tin to smugglers.

Last week, Malaysian customs seized a boat on its way to Singapore and discovered more than $400,000 worth of tin, on which export duty had not been paid.

Malaysia, Indonesia and Thailand, which account for 65 per cent of the world's tin exports, want Singapore to help in curbing this smuggling because the extra tin put on the market would only serve to depress prices further.

Under the ITC decision last month, the seven tin producing countries are to hold back 4,500 tonnes, or 15 per cent of their output to the end of June.

Other subjects to be discussed during the two-day ministerial meeting include a review of the current tin market situation, and Malaysia's proposals for a tin producers association and a joint marketing organisation designed to lessen the influence of the London Metal Exchange on tin prices.

Malaysia is taking a hard line on tine because it feels that consuming countries are no longer interested in co-operating with producers to see an effective International Tin Agreement.

The current Malaysian view is that even if sufficient votes are gathered by June 30, to put the sixth ITA into operation, the pact is unlikely to be very effective without U.S. participation, and with the erosion of producers' confidence by the continual sale of tin from the U.S. stockpile.

Richard Cowper in Jakarta writes: With just over six weeks to go until the deadline for ratification of the agreement, a sizeable number of consuming countries, including India, Spain and the whole of the Comecon bloc with the exception of Poland, have yet to sign. This means that the 65 per cent of consumer country votes needed to get the agreement off the ground has not yet been reached.

Professor Dr Subroto said in Jakarta that there was no sense of urgency over the new agreement, and that there should be a concentrated Asean effort, either in the form of a joint mission or by individual ministers, to persuade Comecon, in particular, to sign.

Professor Subroto said that Indonesia had now accepted the fact that the U.S. was not going to join the agreement, and that even without the world's biggest consumer it could work.

EEC divided on buffer borrowing

THE EEC remains divided on whether to authorise the International Tin Council (ITC) buffer stock manager to borrow more funds to finance his purchases, ITC delegates said, n London yesterday.

The Council may therefore have to postpone its decision once again at its meeting today.

At this week's EEC meeting in Brussels, France said it is concerned about the effect interest charges on loans will have on the value of buffer stock contributions, the delegates said.

At a council meeting in London last Friday the buffer stock manager suggested borrowing the equivalent of 8,000 tonnes of tin, increasing the buffer stock buying capacity to 50,000 tonnes.

Producers mostly favoured borrowing up to 6,000 tonnes but at the EEC meeting Britain argued 15,000 would be a more realistic figure in view of the world's surplus.

Britain and West Germany said they favoured a reduction of the International Tin Council floor price which currently stands at 29.15 Ringgit per kilo. Yesterday's price in Penang was 29.45 Ringgit. Reuter

Further decline in sugar

By Terry Povey

Raw sugar futures fell again yesterday after the London Daily Price was set in the morning at £109 per tonne, £4 easier than the previous day's fix.

Traders say that prices had fallen through chart resistance levels in after-hours dealing on Wednesday. This caused the heavy selling at yesterday's opening they added.

Continued pessimism over the consequences of the U.S. import quota decision is still the main reason being given by dealers for the fall

October raws closed down £4.25 at £122.975 per tonne. Futures were generally lower by £5.30 to £5.80.

● Poland's sugar beet farmers have contracted to sell more than 15m tonnes of beet this year to the sugar industry, similar to the quantity supplied for 1981, according to a Warsaw radio report monitored by the BBC.

The report said the area allocated for the crop this year is 493,000 hectares. This compares with the area planted last year of 480,000 hectares, reports Reuter.

Sowing is well advanced in the west and south-west areas of the country, the report said.

FARMER'S VIEWPOINT

All depends on the weather

THE ONLY certain quality of the British weather is its unpredictability. After one of the nastiest winters for some time, culminating with about six inchest of rain in early March things suddenly changed for the better, and I was able to sow 300 acres of barley and oats in near perfect conditions. Including some 80 acres of autumn sown crops which had suffered from a mixture of rook damage, frost lift and waterlogging, and which I had decided would not survive.

Redrilling a crop is always a matter of fine judgement. It costs quite a bit in seed and fertiliser and there is always a possibility that a crop thinned out by the winter will recover. In the event I am glad I did. One area to which I had given the benefit of the doubt is still very thin and is obviously not going to yield at all well. The bare patches will add up to quite an acreage, and will undoutedly fill with weeds.

Travelling around the country I have seen many such fields which had they been mine would have been replanted, particularly in the Cotswolds. There is no doubt that in my own case I am to some extent responsible because sowing was late due to the appallingly wet autumn. If I had sown the winter barley and oats in last Septemper's drought, instead of waiting for moisture, they might have survived.

The autumn sown wheat, however late it was planted, has come through very well and this has given me the notion that the explosion of winter barley production could prove to be a temporary phenomenon.

When I first started growing it five years ago it seemed to be the answer to a farmer's prayer, providing a high yielding, early ripening cereal. But since since then it has developed a variety of diseases, and has shown itself to be susceptible to an early summer drought in a way in which wheat is not.

My spring sown barley looks very well indeed so far, being planted in a very good tilth in the last ten days of March. But the soil on my farm is fairly strong and moisture retentive. In other parts the spring sown crops are showing distinct signs of drought stress. This is not surprising in view of the virtual drought which has persisted over much of the South of England for the last four weeks and even longer in some areas. I did enjoy about an inch of rain last week, but the sunshine and strong winds are drying it out again.

Spring moisture is absolutely essential to crop development. This is the time when all crops are making maximum leaf growth and unless this is furnished either by rain or irrigation, the demand for moisture will soon desiccate the soil around the roots. A guide to crop prospects are the fortunes of cricketers in May. If any batsmen make a thousand runs in the month they will have been enjoying hard dry pitches and bowlers toiling fruitlessly away.

Thanks to the uncertainties of weather forecasting, no one knows what is going to happen in a couple of days, let alone three or four weeks. So farmers are left to guess-work and superstition. The commonest belief is that if the oak trees are in leaf before the ash there will only be a splash of rain, while the reverse will mean a soaking.

I don't believe it myself, but for the record my oak trees are well in leaf while the ash are still winter bare. Another old saw is that if rooks nest low, they are anticipating a drought. They are certainly nesting low in parts, but thanks to the virtual destruction of the elms there are few high trees.

The dry weather has certainly restricted pasture growth and the prospects for heavy cuts of hay and silage are beginning to look doubtful, particularly where pastures had been grazed earlier on. These conditions have certainly assisted the development of what appears to be a very good lamb crop. I have seldom seen so many lambs, and they are all in thriving condition. Sheep do particularly well in dry weather as long as they get enough to eat, and as long as it is still growing, short grass is much better for them than long.

Mine certainly look well and this week I have marketed a few which were born in the last days of February. These were single lambs which had plenty of milk from their ewes which have had a very good spring. I would say that if these conditions are maintained, there will be record marketings by the end of June when sheep farmers will look for the increased support they are due under the EEC scheme to come into effect, once the Ministers have settled their differences in Brussels.

Overall though it is not Brussels but the weather which determines a farmer's prospects. Writing in mid-May I would put the wheat crop as reasonably safe, and very promising. Wint er barley, like the curate's egg, is good in parts. But the grass and the spring-sown crops including sugar beet, will soon be showing signs of stress. What is needed is a period of bowlers wickets or even of rain stopping play.

John Cherrington

Rise in apple prices expected

By Our Commodities Staff

LOW CROPS in England and France and reduced supplies from elsewhere are likely to push apple prices up a further 5p or 10p per pound in the next few weeks according to the Fresh Fruit and Vegetables Information Bureau.

Although both South Africa and New Zealand have had good crops, supplies from both Australia and Chile will be at half of last year's levels. The English crop last autumn was 20 per cent down on normal and the French 12 per cent.

Total apple supplies to the UK could be as much as 35 per cent down over this summer with stocks already low, say wholesalers.

Lower rubber output sought

KUALA LUMPUR — The Malaysian government should start tapping holidays, to reduce output, and introduce rubber export quotas to stop world prices sliding further, Malaysian Rubber Producers' Council chairman, Mazlan Jamaluddin, said here yesterday.

Mr Mazlan also urged the government to take the lead in a large buying operation through the Association of Natural Rubber Producing Countries (ANRPC) to prop up the current depressed market.

He said the International Natural Rubber Organisation (Inro) had failed to come to grips with the reality of low prices and high production costs.

Commenting on the Inro Council's decision at the weekend to lower Inro's buffer stock price range by 1 per cent. He said consumer members had shown "complete indifference to the needs of producers, especially smallholders."

The council agreed on 1 per cent though the Inro-administered International Rubber Agreement (Inra) provided for an automatic 5 per cent reduction based on the current low prices.

The producers, led by Malaysia, had pressed strongly for a symbolic cut of much less than 1 per cent, and after the meeting Malaysia said producers will hold an emergency meeting to discuss their future participation in Inra. The meeting will probably be held late next week.

He said invitations had been sent to all members—Malaysia, Thailand, Indonesia, India, Sri Lanka, Papua New Guinea, Singapore and Vietnam, and other exporters are expected to be invited as observers. Reuter

Argentine meat output lower

WASHINGTON — Argentina's 1982 cattle slaughter is projected at 13.8m head producing 2.79m tonnes of meat (carcass weight equivalent) compared to 14.7m head last year which produced 2.955m tonnes. The U.S. Agriculture Department officer in Buenos Aires said in a field report dated May 5, that meat exports this year are projected at 500,000 tonnes based on recent sales to Egypt and Israel and strong exports during the first quarter of the year.

Domestic beef consumption this year is forecast at 2.3m tonnes, down from 2.44m last year. Reuter

Fall in U.S. farmland values

BY NANCY DUNNE IN WASHINGTON

THE VALUE of U.S. farmland plunged last year, most severely in the corn belt, sending another signal that the American farm recession is deepening.

As a whole, the index of average value per acre of land fell 1 per cent, the first decline in the index since 1954. Even more ominous, the consumer price index gain of 8 per cent last year caused the real value of U.S. farmland to drop by roughly 9 per cent, according to Department of Agriculture statistics.

Since February 1980, the real value of farmlands in the corn belt has declined an average of 19 per cent, compared with a 5 per cent decline for the rest of the country.

The states hit hardest on the average value index are: Ohio with a 15 per cent drop, Indiana, 13 per cent, Delaware, 10 per cent, Illinois, 9 per cent and Pennsylvania and Georgia, both with 8 per cent decreases. Increases occured in Texas, up 17 per cent, and California and West Virginia, both up 10 per cent.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were generally easier on the London Metal Exchange. Lead attracted heavy speculative, chartist, computer and U.S. selling which was more than offset by substantial trade buying interest. Consequently forward metal, which fell to £322 at one point, rallied strongly in late trading, aided by the decline in sterling, to close the late Kerb at £329, after £330. Copper and zinc dipped and rallied to close at £882 and £416.5 respectively, while buffer stock support in Penang saw tin steady at £7,215. Aluminium closed at £561.25 and nickel at £2,967.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
HighGrde	£	£	£	£
Cash	847.5-8	-11.5	851.5-2.5	-2.75
3 mths	876-.5	-10.5	860-1	-2.75
Settlem't	848	-11.5	—	......
Cathodes				
Cash	839-40	-11	844-5	-2.5
3 months	869-.5	-11.2	873-.5	-3.25
Settlem't	840	-11	—	......
U.S. Prod.	—	—	*78-81	......

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £848; three months £876, 76.5, 77, 77.5, 77, 77.5, 78, 77.5, 77, 76.5. Cathodes: Cash £840; three months £869.5. Kerb: Higher Grade: Three months £876, 75.5, 76. Afternoon: Higher Grade: Three months £878, 77.5, 78, 79, 79.5, 80, 80.5. Cathodes: Three months £873. Kerb: Higher Grade: Three months £880.5, 81, 81.5, 82, 81.5. Turnover: 44,825 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	511-2	-10.2	510-11	-3
3 months	325-.5	-9.37	323.5-4	-3.5
Settlem't	512	-10	—	.....
U.S. Spot	—	......	*26-8	......

Lead—Morning: Cash £312: three months £324, 25, 26, 26.5, 27, 26.5, 27, 26, 25.5, 25. Kerb: Three months £325, 25.5, 25. Afternoon: Three months £326, 25, 24.5, 24, 23.5, 23, 22, 23, 23.5, 24. Kerb: Three months £325, 26, 27, 28, 30, 29, 29.5, 29, 28. Turnover: 21,275 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	7085-95	+5	7080-90	......
3 months	7225-35	-8.5	7215-20	-7.5
Settlem't	7095	+5	—	......
Standard				
Cash	7085-95	+5	7080-90	......
3 months	7220-5	-10	7215-30	-7.5
Settlem't	7095	+5	—	......
Straits E.	$29.54	+0.14		......
NewYork	—	......		

Tin—Morning: Standard: Cash £7,095; three months £7,230. High Grade: Three months £863.5. Kerb: Standard: Three months £7,220. Afternoon: Standard: Three months £7,220, 15. Kerb: Standard: Three months £7,220. Turnover: 3,340 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	408.5-.75	-5.75	408-9	-1.25
3 months	414-.5	-5.37	414-.25	-1.62
S'ment	408.75	-5.75	—	......
Primw'ts	—	......	*35	......

Zinc—Morning: Cash £409, 8.5; three months £414, 15, 15.5, 15, 14.5. Kerb: Three months £414. Afternoon: Three months £413, 13.5, 13.25, 13.5, 13.75, 14. Kerb: Three months £415, 16. Turnover: 11,200 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	533.5-4	-2.5	536.5-7.5	+.5
3 months	555.5-6	-2	558.5-9	+.5

Aluminium—Morning: Three months £556, 56.5, 56, 55.5, 55, 55.5, 56, 55.5. Kerb: Three months £555.5, 6. Afternoon: Three months £57, 56.5, 56, 57.5, 58, 58.5, 59. Kerb: Three months £559.5, 60, 60.5, 61, 61.5, 62, 61.5. Turnover: 10,500 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2875-80	+22.5	2895-900	+22.5
3 months	2940-2	+18.5	2960-5	+22.5

Nickel — Morning: Three months: £2,945, 40, 41, 45, 41. Afternoon: Three months £2,960, 70, 75. Kerb: Three months £2,965, 70. Turnover: 312 tonnes.

SILVER

Silver was fixed 0.3p an ounce lower for spot delivery in the London bullion market yesterday at 362.2p. U.S. cent equivalents of the fixing levels were: spot 665c, down 4c; three-month 688.9c, down 4.5c; six-month 711.7c, down 5.5c; and 12-month 761.1c, down 6.3c. The metal opened at 361-364p (664-668c) and closed at 363-366p (663-667c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	362.20p	-1.30	365.00p	+2.95
3 months	373.60p	-1.70	376.75p	+2.85
6 months	384.80p	-2.15	—	......
12months	409.85p	-2.16	—	......

LME—Turnover 75 (80) lots of 10,000 ozs. Morning: Three months 374.5, 74.2, 74.3, 74.2, 74.1. Kerb: Untraded. Afternoon: Three months 375.0, 75.5, 76.5. Kerb: nil.

COCOA

Futures continued to ease in mixed trading conditions for prices to trade at the recent lows, although some jobber shortcovering at the close pared earlier losses. Actuals business was again dull, reported Gill and Duffus.

COCOA	Yest'day's Close	+ or —	Business Done
May	933-34	-8.5	936-23
July	961-62	-10.0	963-55
Sept	989-90	-8.0	991-84
Dec	1025-26	-9.0	1029-19
March	1056-58	-8.5	1060-51
May	1075-80	-7.5	1080-76
July	1090-1100	-8.5	—

Sales: 2,453 (2,004) lots of 10 tonnes.

ICCO—Daily prices for May 13: 78.72 (80.36). Indicator price for May 14: 80.56 (80.82).

COFFEE

A late advance in New York produced a steadier opening reports Drexel Burnham Lambert. Gains of £15-£17 were met by strong trade resistance which halted the rally, though the market remained buoyant in thin volume, despite late profit-taking.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1164-58	-3.5	1172-53
July	1141-43	+5.5	1158-41
Sept	1106-09	+4.0	1120-03
Nov	1087-90	-0.5	1097-85
January	1079-80	-1.5	1092-80
March	1070-75	+1.0	1075
May	1065-75	-7.5	—

Sales: 217 (1,937) lots of 5 tonnes.

ICO Indicator prices for May 12: (U.S. cents per pound): Comp. daily 1979 121.38 (121.93): 15-day average 122.77 (122.83).

GAS OIL FUTURES

In thin conditions the market steadied throughout the morning on a firmer physical market, rallying further on the New York opening to reach the highs in mid-afternoon, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
May	298.00	-1.00	301.00-98.00
June	293.00	+5.75	293.50-88.00
July	289.50	-2.25	290.00-86.50
August	290.00	+2.00	290.25-87.00
Sept	291.25	-2.25	291.50-89.00
Oct	294.00	-1.50	294.50-92.45
Nov	296.50	-1.50	—
Dec	298.50	+1.00	—
Jan	298.50	-1.50	—

Turnover: 1,839 (1,628) lots of 100 tonnes.

GRAINS

Old crop wheat and barley unchanged. New crops up 10. Old crop traded easier all day with commercial shipper selling. New crops traded at good volumes to close with wheat 35 down and barley 5/25 down. Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
May	120.10	+0.25	112.20	-0.40
July	123.15	+0.05	—	—
Sept	109.15	+0.40	104.85	-0.25
Nov	115.00	+0.40	108.80	-0.20
Jan	117.05	+0.45	113.00	-0.15
Mar	120.50	+0.35	116.10	-0.25

Business done—Wheat: May 120.60-120.10, July 123.95-123.20, Sept 109.75-109.20, Nov 113.60-113.00, Jan 117.65-117.30, March 120.55-120.50. Sales: 251 lots of 100 tonnes. Barley: May 112.60-112.20, Sept 105.20-104.85, Nov 109.10-108.80, Jan 113.00 only, March 116.35-116.25. Sales: 109 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent, May 10/June 10, 110.75, June 109.25, July 107.50 transhipment East Coast sellers. English Feed fob June 123.50, Sept 113.50, Oct/Dec 117.50, Jan/Mar 123.00 East Coast. Maize: French May 137.00 quoted transhipment East Coast seller. S. African White/Yellow June/July 86.00. Barley: English Feed fob May 117.00 paid, May/June 118.50, July/Aug 107.00, Oct/Dec 113.50 sellers East Coast.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. East 120.60, S. West 121.60, N. West 122.00. Feed barley: S. East 113.60, S. West 113.30, W. Mids 111.50, N. West 113.50. The UK Monetary Coefficient for the week beginning Monday, May 17 is expected to remain unchanged.

RUBBER

The London physical market opened steady, attracted little interest through the day and closed easier. Lewis and Peat recorded a May fob price for No. 1 RSS in Kuala Lumpur of 206.00 (204.75) cents a kg and SMR 20 181.0 (180.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
June	54.80-54.50	53.90-54.00	—
July	54.80-54.90	54.50-54.70	55.00-54.20
Jly-Sept	54.60-54.70	54.60-56.00	55.00-54.00
Oct-Dec	56.20-56.30	56.40-56.50	57.00-56.00
Jan-Mar	58.20-58.30	58.10-58.20	58.30-56.00
Apl-Jne	60.00-60.10	59.80-59.90	60.00-59.80
Jly-Sept	61.70-61.80	61.60-61.70	61.70
Oct-Dec	63.60-63.70	63.50-63.60	63.40
J'n-Mch	65.20-65.30	65.30-65.40	65.30-65.10

Sales: 290 (318) lots of 15 tonnes, 428 (2) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 53.50p (same); June 51.75p (52.25p); July 52.75p (53.00p).

SOYABEAN MEAL

The market opened with small gains in light trade, reports T. G. Roddick. Prices remained steady with lack of selling and short covering firming prices at the close.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	134.00-34.2	+0.85	133.50
August	133.00-33.4	+0.65	133.50-32.80
October	133.50-33.7	+1.00	133.50-33.30
Dec	136.60-37.0	+0.60	—
Feb	140.00-41.0	+0.75	—
April	142.50-44.0	+0.90	—

Sales: 94 (450) lots of 100 tonnes.

SOYABEAN OIL—The market opened US$3 higher on commission house buying and advanced to show gains of up to US$6 before trade selling pared gains. Closing prices (US$ per tonne): June 515.00-14.00, Aug 515.50-08.50, Oct 517.00-14.50, Dec 520.00-17.00, Feb 523.00-23.00. Turnover: 107 (100).

SUGAR

LONDON DAILY PRICE—Raw sugar £113.00 (£118.00) a tonne cif May-June shipment. White sugar daily price £147.00 (£148.00).

Heavy trade selling dominated the opening when prices fell some 250 points below overnight levels. Later clearing houses stop-loss liquidation caused further losses of around 200 points, but these were recovered later, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	117.10-17.20	121.90-22.00	122.00-16.25
Oct	122.95-23.00	127.20-27.25	127.25-21.25
Jan	126.50-27.50	130.50-31.50	126.00
March	133.95-34.00	138.10-38.20	138.25-32.25
May	137.25-37.75	141.25-42.00	141.00-35.75
Aug	142.75-43.00	145.50-47.00	144.00
Oct	146.00-49.00	148.00-52.00	—

Sales: —— (2,020) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £274.00 (same) a tonne fob for home trade and £214.50 (£219.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for May 12: Daily price 8.24 (8.53); 15-day average 8.60 (8.68).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 94 tonnes. After very heavy buying earlier this week, some reaction was to be expected, but interest remained widespread. African growths attracted attention, as did certain North and South American styles.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 360, 375, nil; Aug 394, 398, nil; Oct 406, 407, 407-405; Dec 410, 412, 412; Jan 412, 414, nil; March 421, 423, 423; May 428, 433, nil; Aug 439, 443, nil; Oct 441, 448, nil. Sales: 13.

SYDNEY GREASY WOOL—Close (in order: Buyer, seller, business). Australian cents per kg. May 568.0, 569.0, 568.0-567.5, July 553.0, 555.0, 554.0-552.0, Oct 526.0, 527.0, 526.0-525.5, Dec 527.0, 528.0, 527.0-527.0, March 531.5, 532.5, 533.0-532.5, May 535.0, 538.0, untraded, July 543.0, 544.0, 543.5-543.5, Oct 542.0, 543.0, 542.0-542.0. Sales: 94.

POTATOES

LONDON POTATO FUTURES—The market remained steady until shortly before the close, when all values fell, striking stops to close £1.70-£2.60 down, reports Coley and Harper. Closing prices: Nov 68.50, −170 (high 69.00, low 66.50); Feb 75.60, −180 (high 79.20, low 76.60); April 89.00, −220 (high 91.50, low 89.00); May 100.00, −260 (high 103.00, low 100.00). Turnover: 527 (465) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 82.5 to 87.3; Ulster hindquarters 100.0 to 104.0, forequarters 58.0 to 60.0; Eire hindquarters 99.8 to 103.0, forequarters 56.0 to 58.8. Veal: Dutch hinds and ends 120.0 to 125.0. Lamb: English small (new season) 98.0 to 106.3, medium (new season) 96.0 to 100.0, heavy (new season) 90.0 to 96.0. Imported: New Zealand PL 63.0 to 64.3, PX 62.5 to 63.5, YL 60.0 to 60.0. Pork: English, under 100 lb 38.0 to 55.0, 100-120 lb 46.0 to 53.0, 120-160 lb 39.0 to 60.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 103.06p per kg lw (+0.20). UK—Sheep 202.42p per kg est dcw (−17.4). GB—Pigs 79.06p per kg lw (+3.23).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Cyprus: 15-kg Valencia Lates 3.50-5.50; Jaffa: 20-kg Shamouti 50 5.50, 60 5.70, 75 5.50, 88 4.80, 105 4.80, 123 4.60, 144 4.50, 168 4.50; Moroccan: 15-kg Valencia Lates 48/113 3.50-5.50. Topaz—Jaffa: 53/30 4.40-5.60. Lemons—Spania: trays 5-kg 40/50 1.40-1.80; Jaffa: 16-kg 90/105 4.50-5.00; Outspan: 15½-kg 80/120 4.50-6.00; Italian: 100/120 3.50-4.00. Grapefruit—U.S.: 16/17-kg, Florida Ruby 7.50-8.00; Cyprus: Small cartons 17-kg 3.00-4.60; Jaffa: 20-kg 27 4.25, 32 4.45, 36 4.45, 40 4.65, 48 4.95, 56 4.95, 64 4.75, 75 4.50, 88 4.00. Ortaniques—Jamaican: 46/128 3.00-5.00. Apples—French: Golden Delicious 9-kg 4.40-4.80, 18-kg 8.50-9.50, Starkcrimson 10.00-11.50; Australian: Granny Smith 11.50-12.50; New Zealand: 18-kg Cox's Orange Pippins 14.00-16.00, Red Delicious 12.00-13.00; Chilean: 18-kg Granny Smith 10.50-11.50; S. African: Granny Smith 12.00-13.00, Golden Delicious 12.00-13.00, Starkcrimson 11.50-13.00; U.S.: 18-kg Red Delicious 9.00-14.00; Tasmanian: Cox's Orange Pippins 18-kg 12.00-14.00. Pears—S. African: 15-kg Packham's Triumph 9.50-10.50, Beurre Bosc 34-lb 7.50-8.50, Comice 34-lb 9.50-11.00; Italian: Per pound Passacrassane 0.14-0.16. Peaches—Israeli: 18/27 3.40-3.80. Grapes—S. African: Barlinka 5.40, New Cross 7.50; Chilean: 5-kg Thompson 7.50-8.00, Red Emperor 5.00-5.20, Almeria 7.20-7.50. Strawberries—Spanish: 8-oz 0.30-0.35; Italian: 8-oz 0.30-0.35; Belgian: 0.40-0.45. Melons—Senegal: Charentais 7/12 7.0-8.00; Chilean: 15-kg White 5.00-6.50; Guatemala: 10-kg White 5.50-6.00; Spanish: Galia 4.00-6.00. Water-Melons—Spanish: 16-kg 6.00-7.00; U.S. 10.00.

Pineapples—Ivory Coast: Each 0.40-1.20. Bananas—Colombian: 40-lb boxes 9.20-9.40. Avocados—Israeli: 3.00-3.40; S. African: 3.00-3.50. Mangoes—Kenyan: 8/16 4.00-5.00; Venezuelan: 7.00; Mexican: 8.00; Mali: 5.00; U.S.: 6.50-7.50. Tomatoes—Dutch: 6-kg "A" 5.00, "C" 4.80-5.00; Guernsey: Pink 5.00. Onions—Chilean: 3/5 6.00-6.20; Israeli: 6.60; Dutch: 3.20-3.60.

★

GRIMSBY FISH—Supply moderate. Demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.50, codlings £3.50-£4.50, large haddock £3.80-£5.00, medium £4.30, small £3.20-£3.60, medium plaice £6.00-£6.40, best small £4.50-£6.80, skinned dogfish, large £7.00, medium £3.00-4.00, lemon sole, large £10.00, medium £8.50, saithe £2.60-£3.00.

PRICE CHANGES

In tonnes unless otherwise stated.

	May 13 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$975/1005	......	$1005/035
Copper			
Cash h grade	£852.0	-2.75	£869
3 mths	£880.5	-2.75	£897.75
Cash Cathode	£844.5	-2.5	£864.25
3 mths	£873.25	-3.25	£893.25
Gold troy oz	$332	......	$363.25
Lead Cash	£310.5	-3.0	£323.5
3 mths	£323.75	-3.50	£336.75
Nickel	£3974	......	£3926
Free mkt.	235/265c	......	245/275c
Platin'mtr oz'y	£260	......	£260
Freemkt.	£168.50	......	£201.40
Quicksilver†	$360/375	......	$375/385
Silver troy oz	362.20p	-1.30	426.75p
3 mths	373.60p	-1.70	439.35p
Tin Cash	£7085	......	£7138
3 mths	£7217.5	-7.5	£7372.5
Tungsten22.0lb	$106.98	......	$120.32
Wolfrm 22.4lbs	$106/110	......	$102/107
Zinc Cash	£408.5	-1.25	£411
3 mths	£414.125	-1.625	£413.75
Producers	$860/900	......	$860/880
Oils			
Coconut (Phil)	$490u	-10	$505
Groundnut	$650u	......	$585
Linseed Crude	‡	......	‡
Palm Malayan	$510v	......	$502.5
Seeds			
Copra Ph lip	$330	......	$340
Soyabean (U.S.)	$277	+1	$272
Grains			
BarleyFut. Sep.	£104.85	-0.25	£103.75
Maize	£137.00	+0.50	£134
Wheat Fut.July	£123.15	-0.85	£129.50
No.2HardWint	‡	......	‡
Other commodities			
Cocoa ship't*	£992	......	£973.5
Future July	£961.5	-10.0	£973.5
Coffee Ft' July	£1136.5	......	£1173.5
Cotton A.Index	77.30c	+0.15	71.15c
Gas Oil June	$293.00	+5.75	$278.75
Rubber (kilo)	53.5p	......	55p
Sugar (Raw)	£109u	-4	£142
Woolt'ps 64s kl.	398p kilo	-1	394pkilo

‡ Unquoted. v June. u May-June. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

GOLD MARKETS

Gold showed very little change in quiet London bullion trading. It rose $½ to close at $331¾-332½, after opening at the same level. The metal was fixed at $331.75 in the morning, and $331 in the afternoon, trading within a very narrow range throughout, touching a high of $331¾-332¼, and a low point of $330½-331¼.

In Paris the 12½ kilo gold bar was fixed at FFr 64,500 per kilo ($335.47 per ounce) in the afternoon, compared with FFr 64,500 ($335.76) in the morning, and FFr 64,300 ($336.06) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 25,560 per kilo ($333 per ounce), against DM 24,475 ($334.99) previously, and closed at $330½-331¼, compared with $331-332.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $332 per ounce, against $333.50.

In Zurich gold finished unchanged at $330-333.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	189.80-6.90	+1.100	187.00-86.50
Sept'mb'r	188.60-8.65	+1.025	—
October	190.20-90.40	+0.750	188.60
November	191.80-92.30	+0.800	—

Turnover: 774 (925), lots of 100 troy ozs.

	May 13		May 12	
Gold Bullion (fine ounce)				
Close	$331¾-332½	(£181¾-182¼)	$331½-332½	(£180¼-180¾)
Opening	$331¾-332½	(£180¾-181¼)	$331¾-332¼	(£180-180½)
Morning fixing	$331.75	(£180.623)	$333.50	(£180.837)
Afternoon fixing	$331	(£181.023)	$331.50	(£180.212)
Gold Coins				
Krugerrand	$341½-342¼	(£187¼-187¾)	$341½-343½	(£185¾-186¾)
1/2 Krugerrand	$176-177	(£96½-97)	$175¼-176¼	(£95¼-95¾)
1/4 Krugerrand	$89½-90½	(£49-49½)	$89½-90½	(£48½-49¼)
1/10 Krugerrand	$36½-37½	(£20-20½)	$36-37	(£19½-20)
Mapleleaf	$341-342	(£187-187½)	$341½-343½	(£185¾-186¾)
New Sovereigns	$80¼-80¾	(£44-44¼)	$80½-81½	(£43¾-44¼)
King Sovereigns	$94½-95½	(£51¾-52¼)	$95-96	(£51½-52)
Victoria Sovs	$94½-95½	(£51¾-52¼)	$95-96	(£51½-52)
French 20s	$68-78	(£37¼-42¾)	$69-79	(£37½-43)
50 pesos Mexico	$405½-409	(£222¾-224¼)	$408¼-411	(£222-223½)
100 Cor. Austria	$323-325½	(£177-178½)	$323½-326	(£176-177¼)
$20 Eagles	$430-435	(£235¾-238½)	$432-437	(£235-237½)

AMERICAN MARKETS

NEW YORK, May 13.

Precious metals were featureless awaiting the solution to the Falkland crisis and finished fractionally lower. Copper recovered from early losses on commission house profit taking closing slightly lower. Coffee was mixed with near-by months up on short covering by local traders. Sugar remained under pressure from liquidation based on U.S. import quota limitations. Cocoa declined as ICCO intervention buying was ineffective and the pound sterling was under pressure. Cotton came under pressure in sympathy with the grains. Heating oil was moderately higher in response to a reported drawdown in stocks.

¶Silver—May 662.0 (667.7), June 666.5 (671.2), July 673.9-675.5, Sept 690.0-691.0, Dec 715.0-717.0, Jan 723.7, March 740.2, May 756.7, July 773.2, Sept 789.7, Dec 814.3, Jan 822.0, March 839.1. Handy and Harman bullion spot: 666.50 (665.00).

*Gold—May 331.6 (333.0), June 333.0-334.0 (335.0), July 337.1, Aug 340.3-341.1, Oct 347.3-348.0, Dec 355.4, Feb 364.0, April 370.8, June 378.8, Aug 386.9, Oct 395.1, Dec 403.4, Feb 411.7.

Copper—May 71.20-71.30 (71.40), June 71.75 (71.95), July 72.70-72.80, Sept 74.50-74.60, Dec 76.90-77.00, Jan 77.80, March 79.40, May 81.20, July 82.60, Sept 84.20, Dec 86.60, Jan 87.35, March 88.90. Sales: 5,500.

*Platinum—July 308.0-310.0 (311.1), Oct 318.0 (319.8), Jan 327.9, April 338.4, July 349.9. Sales: 735.

Potatoes (round whites)—Nov 78.5 (78.9), Feb 89.5 (88.0), March 91.5, April 105.3-105.4. Sales: 62.

Sugar—No. 11: July 8.10-8.13 (8.40), Sept 8.40-8.42 (8.68), Oct 8.62-8.63, Jan 8.94, March 9.60-9.62, May 9.85-9.89, July 10.13-10.15, Sept 10.20-10.30. Sales: 7,393.

Live Hogs—June 60.80-60.65 (61.30), July 61.15-61.25 (62.02), Aug 60.20-60.30, Oct 56.60-56.52, Dec 56.80-56.60, Feb 53.80, April 50.70, June 51.60, July 52.00.

‡‡Maize—May 268¼-268½ (270½), July 277½-277¾ (279½), Sept 279½, Dec 283-283¾, March 296¾-296½, May 303½.

Pork Bellies—May 88.37 (90.37), July 87.32 (89.32), Aug 85.47, Feb 73.80-73.95, March 74.30, May 74.00, July 74.70-74.90, Aug 73.40.

†Soyabeans—May 656½-656½ (666¼), July 663-663¾ (672½), Aug 666½-667, Sept 666½, Nov 70½-70, Jan 83, March 697½.

Live Cattle—June 71.65-71.70 (71.85), Aug 65.97-66.85 (66.72), Oct 64.10-64.20, Dec 64.40-64.50, Feb 64.15, April 64.20.

‖Soyabean Meal—May 190.7-191.0 (192.6), July 190.6-190.7 (192.8), Aug 191.0-191.2, Sept 192.0, Oct 192.3, Dec 195.3-195.4, Jan 197.5, March 201.5, May 205.0-205.5.

Soyabean Oil — May 20.14-20.10 (20.29), July 20.58-20.60 (20.77), Aug 20.82, Sept 21.00, Oct 21.15-21.16, Dec 21.47-21.50, Jan 21.65-21.75, March 22.05, May 22.50.

†Wheat—May 344½-345 (344), July 357¾-358¼ (358½), Sept 373¾, Dec 394½-394¾, March 411½-411, May 417½.

WINNIPEG, May 12.

§Barley—May 129.00 (131.00), July 126.00 (128.00), Oct 126.00, Dec 127.00, March 129.20.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 220.84 (224.14).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton 2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

NEW YORK, May 12.

††Cocoa—May 1635 (1705), July 1611 (1670), Sept 1655, Dec 1702, March 1757, May 1797, July 1830.

Coffee—"C" Contract: May 141.00 (139.19), July 127.00-128.35 (124.35), Sept 120.80-121.50, Dec 118.00-118.25, March 113.75-114.00, May 108.60-112.00. Sales: 2,450.

Cotton—No 2: July 68.50-68.60 (69.35), Oct 71.20-71.38 (71.80), Dec 72.41-72.60, March 74.40, May 75.40-75.80, July 76.40-76.80, Oct 77.77-78.00. Sales: 4,500.

Orange Juice—May 119.00 (118.75), July 122.40 (122.55), Sept 125.50, Nov 127.00-127.10, Jan 128.10-128.35, March 129.60, May 130.90-131.10, July 132.20-132.40, Sept 133.50-133.70. Sales: 1,200.

EUROPEAN MARKETS

ROTTERDAM, May 13.

Wheat—(U.S. $ per tonne): U.S. No. 2 Red Winter May 157. U.S. No. 3 Amber Durum May 181, June 181, July 181, Aug 183, Sept 186, Oct 189, Nov 191. U.S. No. 2 Northern Spring, 14 per cent, May 185, June 182, July 179, Aug 179, Sept 181, Oct 183.5, Nov 185.5. Canadian Western Red Spring May 197.

Maize—(U.S. $ per tonne): U.S. No. 3 Yellow afloat 136, May 133.25, June 132.50, July 132.50, Aug 120-131, Jan/March 139 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports Oct 266.25, May 271, June 271.25, July 272, Aug 273, Sept 273, Oct 267, Nov 267, Dec 271.75, Jan 276.75, Feb 280.75, March 283.75 sellers.

Soyameal—U.S. $ per tonne): 44 per cent afloat 237, May 237, June 238.50, July 237, May/Sept 237, June/Sept 237, July/Sept 237, Nov/March 247 sellers. Pellets Brazil afloat 249-246.50, cif Ghent 247, April 247, May 247, June 246.50, July/Sept 247, Nov/March 261 sellers.

PARIS, May 13.

Cocoa—(FFr per 100 kg): May 1005-1020, July 1060-1065, Sept 1100-1105, Dec 1143-1148, March 1190-1195, May 1215-1220, July 1245-1250. Sales at call: 1.

Sugar—(FFr per tonne): Aug 1480-1470, Oct 1440-1450.

INDICES

FINANCIAL TIMES

May 12	May 11	Month ago	Year ago
241.15	242.55	245.30	252.77

(Base: July 1 1952=100)

DOW JONES

Dow Jones	May 12	May 11	Month ago	Year ago
Spot	125.60	125.85	128.17	—
Futr's	128.78	129.16	132.72	—

(Base: December 31 1974=100)

MOODY'S

May 12	May 11	Month ago	Year ago
1008.2	1008.8	1002.9	1073.9

(December 31 1931=100)

REUTERS

May 12	May 11	M'nth ago	Year ago
1576.2	1577.1	1608.8	1684.0

(Base: September 18 1931=100)

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Insurance companies' Cogent plan to fill the gap

By Barry Riley

THE CITY of London's love affair with technology can go through some decidedly disenchanted phases, as well as some moments of sheer bliss. For every stags' stampede for Amersham International there can be counted a number of failed venture capital exercises.

Now a new scheme has been devised to bring money and ideas together. If successful, it could provide the money to develop projects ranging all the way from clinical monoclonal antibody assays (for diagnosis of viral infection) on the one hand to energy-saving semi-solid metal shaping technology (eliminating the need for machining) on the other.

After all the complaints over the years that the City was failing to provide adequate backing for small enterprises, especially in technological areas—criticism that reached a peak around the time of the Wilson Committee Report — many financial institutions moved to fill this supposed gap.

They included banks, insurance companies, pension funds, investment trusts and a number of specially constituted financial vehicles. Many of them have found it difficult to find suitable homes for the resources they have available. Established small business financiers like the Industrial and Commercial Finance Corporation have been driven to complain that there is far too much money chasing too few genuine investment opportunities.

Now two of London's biggest insurance companies are joining together to launch what they claim is a new approach to the support of British technology. Commercial Union and Legal and General have set up Cogent, a 50-50 joint venture company which will invest in the development of technology-based processes from the research to the production stages.

Cogent is not, however, seeking to attract a waiting room full of starry-eyed inventors. Its backers claim they already have plenty of ideas; the company's job will be to put ideas into practice.

The proposition is that any "gap" in the financial support of British technology is to be found not in the backing of small, entrepreneurial companies — where competition among financial institutions is already fierce — but rather in the underwriting of development spending.

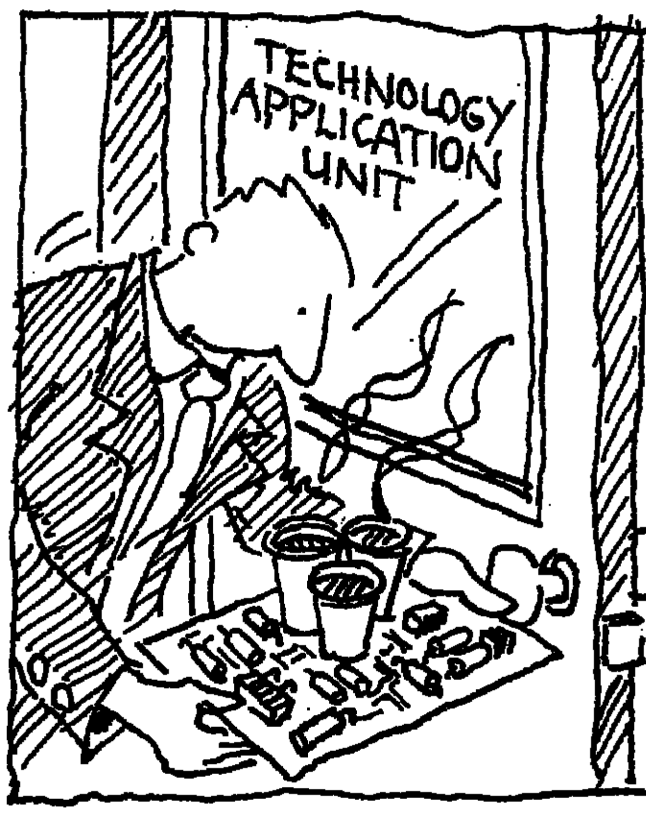
Because of the straitened circumstances of British industry, companies often do not have the cash available to develop processes which offer significant potential but carry sizeable risks and in any event will take several years to pay off. The big insurance companies, on the other hand, can afford to be patient and can spread their risks by investing in a portfolio of ventures.

The technological backing for the enterprise is to be provided by an association of independent private sector research organisations called AICRO. Members of this group carry out some £70m a year of contract research, but have been facing the consequences of cutbacks both in the private and public sectors.

The attractions for the boffins in tapping the financial resources of the City of London are obvious. But what remains to be proved is whether viable projects are in fact being left to lie fallow because of the lack of industrial sponsors; and whether it is possible to draw up legal contracts which will allow Cogent to exploit the technology in financial terms.

CU and Legal and General accept that a large proportion of the projects will fail to pay their way. They will be relying on the occasional winner, which will produce revenues out of all proportion to the original investment. R and D men dream of the royalties generated by Pilkington's float glass process, or by GKN's constant velocity joint for front wheel drive cars.

How will the benefits be split? Often there will be at least three interested parties—the host company, together with an AICRO member and Cogent itself. It seems that in general Cogent will seek its payback through a levy on sales. This may not be easy to apply when the really big returns on the most successful projects will be generated from world-wide licensing.



So far the legal documentation remains to be drawn up. It may well be that it will vary from case to case, and in fact some projects may be suitable for financing on an equity participation basis. From the point of view of the two insurance companies, this may be as important a factor in achieving eventual financial returns as the underlying success or failure in technological terms.

At this stage, CU and Legal and General are talking in terms of a commitment of around £3m each, over a period of several years. As at present envisaged, the individual projects will require investment of the order of £300,000-£400,000 each before they are brought to the stage of commercial production.

To begin with, six or seven proposals are being subjected to detailed scrutiny with the objective of agreement on financing in the second half of the year. They range from exotic biotechnology processes to more down-to-earth factory floor projects.

Besides the two already mentioned, the list includes the production of an antithrombotic agent by biotechnological methods, and the expansion of a heavy vehicle preventive maintenance service using oil and lubricant spectrometric analysis.

Another project involves polyvinylidene fluoride piezoelectric and pyroelectric film, and there is a plan to develop microelectronic applications in automobile components. For good measure there is a scheme to set up a continuous process to refine secondary lead.

According to Mr Tony Gray, chief executive of Cogent, the *ad hoc* approach in the past by the City to the problems of financing technology has not been satisfactory. He argues that Cogent is much more than a man in an office trying to evaluate projects, but is a carefully structured operation.

"Now there is a major technological resource together with two financial institutions," he says. The organisation will accelerate the process whereby technology is transferred to the market place. He is emphatic: "Cogent is *not* another development or venture capital company."

The most obvious parallel is with the technology subsidiary set up nearly two years ago by Prudential Assurance, called Prutec. As much as £20m has been initially allocated to this venture, and in fact Mr Gray was at one time associated with Prutec on a management consultancy basis.

Prutec has some similar features, including a tie-up with a research organisation—in this case Patscentre International, an offshoot of the PA management consultancy group. It is a rather more broadly based operation, covering the field from unsolicited inventions to activities akin to venture capital.

Commercial Union and Legal and General — bits of their names have been reassembled to form the title Cogent, together with a "t" for technology—seem to have taken a rather less ambitious approach. They insist that they are looking for commercial returns, but are clearly also seeking to minimise the risks. Thus CU was initially involved in the scheme but invited Legal and General in to share the financial responsibilities.

The attitude now is very much to see how it works out, without any particular long-term commitments. If success is hard to achieve, it is unlikely that the two insurance companies will put any more money in. If the results prove promising, they might decide to bring in more partners as a way of financing expansion rather than put up substantial new capital for what will always be a risky enterprise.

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Mark Webster reports from Gothenburg on the fruits of SKF'S restructuring

Bearing up under the Japanese challenge

BEARINGS ARE like feet—you may prefer to ignore them but it would be hard to move around without them.

That knowledge may have given some comfort to Sweden's SKF group, the world's biggest bearing makers, in the last 10 years of market turmoil. It has had to face up to stiff Japanese competition and declining demand from customers hit by the recession.

The group is generally pleased with the way it has been able to fight off the Japanese challenge. According to SKF's estimates, the Japanese market share in Europe has peaked at under 10 per cent while SKF has consolidated its European sales at 36 per cent.

But there is no room for self-congratulation in the bearings industry. For the future, SKF has developed a twin strategy to improve market share and profitability in its worldwide operation—a big push for volume sales in the U.S. from its European factories and further productivity gains through automation.

Both are more easily said than done. Stagnating demand in Europe and widespread over-capacity in the industry means that the agony is far from over. Only the lean and fit will prosper.

SKF points with evident satisfaction to the success of its radical restructuring in the past decade. Six plants have closed—four in Europe—and the workforce has been cut from 57,000 to 37,000.

Under the grandly titled Global Forecasting and Supply System (GFSS) there has been a thorough rationalisation of the European bearing division's production. All the fabrication of any particular bearing is concentrated on one factory to give the same economies of scale as the Japanese have achieved.

GFSS has enabled the European factories to improve their productivity by an annual average of 8 per cent in the past five years, making their output per man hour higher than their Japanese competitors, according to SKF. At the same time, SKF says it has managed to cut its stocks of raw materials and finished goods, boosting cash flow. It has also managed to improve customer service.

SKF have tackled the problem of having too many different bearings with low production volume, which gave it the image of a "bespoke" bearing maker. By negotiating with manufacturers, it has cut its number of individual items from nearly 50,000 to 18,000 in the last 10 years, and is working on reducing them further.

High volume production will continue to be the bread and butter of the company. But Mr Lennart Johansson, chief executive, made it plain that SKF would stay in the specialist market.

There has been a general trend towards specialisation in the industry by the small companies producing very few bearings or the Japanese companies making many thousands of a select number of items. But SKF wants to be able to compete across the range, and believes its size will allow it to do so.

> The world's biggest bearing maker is planning a big push for volume sales in the U.S. and further productivity gains through automation

The 500m bearings the group made last year accounted for nearly 70 per cent of annual turnover of SKr 13.5bn ($2.3bn) and generated most of the modest SKr 883m pre-tax profits.

Its 24 per cent share of the world market makes it as big as its four biggest Japanese competitors—NSK, Koyo Seiko, NTN and Nichi-Fujikoshi—combined, according to SKF estimates. The group is aiming for further growth in the U.S.

SKF has a broad manufacturing base in Europe with plants in Germany, Italy, Sweden, France and Britain and a wide network of factories in overseas countries, especially South America, and in the U.S.

With that sort of base, SKF believes it can achieve all the economies of scale it needs to beat the Japanese at the export game and expand sales not only in the U.S. but even in Japan where it has a modest 1 per cent of the home market.

The U.S. consumes one third of world demand for bearings, but SKF has been held to a market share of under 10 per cent because anti-trust legislation, which restricted its relationship with its U.S. offshoot.

Last year, the anti-trust rule was lifted. The group plans to increase its market share first by building volume sales direct from its European companies and then by investing substantially in plant and equipment.

SKF also wants to pursue its productivity gain by further contraction of its manufacturing interests and more cuts in the level of employment.

Mr Mauritz Sahlin, deputy managing director, and director of the European bearing division, was reluctant to say how many jobs would go. But an ideal plant would employ 500 to 1,500.

One or two plants would go, but he would not say in which countries the cuts would be made, insisting that the group had not decided which factories would be axed.

However, he did say that there would be further reductions in the output of its UK manufacturing company at Luton, which has been one of the least successful of the group. But there was no question of pulling out of Britain, which was still an important market.

SKF's big hope is that in the future a fully automated production line can be introduced, allowing 22-hours-a-day running time and only 2 hours for maintenance.

The first fully automated grinding line for bearings will be introduced in Sweden and Italy later this year after extensive test work, and work is going forward to perfect an unmanned turning line.

SKF's management concludes that although the Japanese invasion has been halted, it could be reopened.

As SKF prepares to celebrate its 75th birthday this year it will no doubt wish to live up to the spirit of is founder, a production manager in a small textile factory, who designed a revolutionary new bearing and made a fortune out of it.

But the group has no plans at present to extend its activities into new fields. "We do not need to diversify," said Mr Sahlin. "We are already in almost everything."

Increasing costs hit U.S. Woolworth

By Our New York Staff

WOOLWORTH, the large U.S. retailing chain, made a loss of $16m, or 56 cents a share, in the first quarter of this year, against a $2m loss, or 10 cents a share. The company blamed the weakness of consumer buying, combined with the pressure of high costs.

Woolworth's British subsidiary, in which it has a 53 per cent interest, made a loss of $2m for similar reasons.

Mr Edward Gibbons, chairman, said Woolworth's specialty stores, to which the company is increasingly turning, performed better than the general merchandise stores for which it is famous.

The UK company's sales were up 8.2 per cent in sterling terms compared with the same period of 1981. But, he added, "pressures on gross margins resulting from continued inflation along with the softness of the British economy resulted in the 1982 first quarter loss."

Woolworth's total debt at the end of the quarter amounted to $1.3bn, a slight increase from the previous quarter. Mr Gibbons said the company entered into a three-year $75m loan agreement with five banks in February

Sales had picked up slightly in the closing weeks of the quarter. Mr Gibbons did not expect any major economic upturn until later this year, but he believed results would be helped by tighter cost controls. On the other hand, high interest rates and weak foreign currency exchange rates would offset some of the gain.

Domestic sales were up 1.4 per cent in the quarter but foreign sales declined 4.3 per cent reflecting the dollar's strength against other currencies.

Woolworth expects year-on-year operating profit comparisons to improve over the remainder of the year.

Ford chairman sees brighter prospects

BY DAVID LASCELLES IN NEW YORK

DETROIT sounded a slightly more optimistic note yesterday —albeit a cautious one.

Mr Philip Caldwell, chairman of Ford, the second largest U.S. motor company which has been losing hundreds of milllons of dollars, told the annual meeting yesterday that the current quarter would be much better than the first, when Ford was in the red to the tune of $355m.

"Beyond that, how well we do depends on how well the economy does," he said.

He did not elaborate on where the improvement would come from or how it would affect Ford's financial results. But he stressed that his company was working hard to reduce operating costs. Ford had already eliminated about $2.5bn a year in costs and expected to eliminate a further $1bn this year.

The board would reinstitute a dividend as soon as possible, but Mr Caldwell implied that the company's finances did not warrant a resumption soon. Ford dropped its dividend at the end of last year.

Worldwide capital spending for 1982-85 is expected to "increase substantially" from the outlays of $11bn over the past four years.

Most of the higher spending will be used to finance the introduction of 33 new car and truck models in various markets in the next four years.

General Motors, the leading U.S. car company, yesterday made a rare recall of workers. It took back 1,800 people who had been indefinitely laid off at a Michigan plant, in order to increase production of compact models. The company expects demand to rise, and production at the plant is being raised from 50 to 70 units an hour.

The brightening prospects for the U.S. auto industry were underlined earlier this week Mrs Maryann Keller at Paine Webber Mitchell Hutchins, one of Wall Street's most influential motor industry analysts, issued a buy recommendation which pushed GM's shares up 1½ points to 45p.

Total discusses disposal of Canadian assets

BY ROBERT GIBBENS IN MONTREAL

TOTAL PETROLEUM (North America), based in Calgary, is discussing with interested parties the sale of all or part of its Canadian assets.

The company said the assets may be sold completely or a deal to increase Canadian ownership would be considered.

Mr Philippe Dunoyer, president, said the assets, valued by the company at C$146m (US$119.4m) at the end of 1981, would be more profitable for a Canadian company.

The company cites the Federal Government ownership policies, which it calls discriminatory for the move.

Under the Canadian national energy programme, grounds for exploration on federally controlled oil and gas lands are available only for companies with substantially more than 50 per cent Canadian control.

Total is 52 per cent controlled by Compagnie Francaise des Petroles of France and moved into North America about 15 years ago.

It recently bought a small U.S. refinery for US$245m, bringing its total refinery capacity to 150,000 barrels a day in the U.S. It is widely reported to be planning a deal to increase its U.S. exploration and production base.

The company showed a loss of C$64m (US$52.3m) in 1981 against a profit of C$47m in 1980. Little improvement is expected until later this year.

Credit National raises $600m Eurocredit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

FRANCE returned to the Euro-credit markets yesterday with a $600m, eight-year borrowing for Credit National, its state financial institution, whose conditions include a margin of only 0.1 per cent over U.S. prime rate.

The deal, which is led by Banque de l'Indochine et de Suez, Chase Manhattan and Manufacturers Hanover, marks only the second time that a French state borrower has raised prime-based funds which in the past were considered too expensive in terms of overall interest cost.

Credit National has achieved a prime-based margin which is believed to be the lowest yet seen on an internationally syndicated credit for a non U.S. borrower. As usual, however, the deal is structured in a highly complicated way that makes comparison with terms on other deals virtually impossible.

The basic conditions, which include a five-year grace period before repayments begin, allow for a margin of ⅜ per cent over London Eurodollar rates or 0.1 per cent over prime as long as the rate is lower than that paid by banks in New York on certificates of deposit.

If the CD rate moves above prime, the borrower will pay that rate, plus a margin of ⅛ per cent to allow for the higher cost of funds to lending banks.

But the most unusual feature of the credit is that Credit National has undertaken to draw an average of 80 per cent of the total credit throughout its life, leaving 20 per cent to be used as a revolving facility.

At the same time, an average of $330m will be drawn over London Interbank offered rate (Libor) margin, leaving a maximum of $270m to be drawn over the more expensive prime rate. Of this remaining sum $120m can be left undrawn as it constitutes the revolving element so that minimum average drawings over prime will constitute only $150m.

The deal thus gives Credit National considerable flexibility in drawing on the credit, in return for which it will pay an unusually high commitment fee of ⅜ per cent so long as only 80 per cent of the credit is drawn.

If drawings reach or exceed 90 per cent, the commitment fee falls to ⅛ per cent.

New York weakness hits bonds

By Our Euromarkets Staff

PRICES OF fixed interest dollar Eurobonds fell by around ¼ point yesterday on the back of the weaker trend in the New York bond market on Wednesday night.

Dealers said they were having to work hard to place some of the new paper in a market where quality consciousness has become increasingly acute of late. Despite this, some reported that the basic undertone remained reasonably buoyant with the influence of developments in New York less than might normally have been expected.

The only new issues announced yesterday were in the Swiss franc market where the Industrialisation Fund of Finland launched a SwFr 40m. ten-year bond through Banque Gutzwiller. Pricing is to be set later. Union Bank of Switzerland is leading a SwFr 200m. 6¼ per cent six-year private placement for the Japan Development Bank.

On the secondary market prices of Swiss franc foreign bonds rose by around ⅛ point as banks reported a new cut in short-term deposit rates. But the D-mark foreign bond market saw prices fall by ⅛ per cent as the dollar strengthened against the German currency.

Helsinki is expected to launch a DM 50m bond with a yield of around 9 per cent through BHF Bank today, while the DM 100m eight-year issue for Escom has been priced at par with a coupon of 9¼ per cent.

Terms were also set on the SwFr 80m to SwFr 100m ten-year bond for Renfe, the Spanish national railway, which will carry a coupon of 7¾ per cent and issue price of par.

Cigna lower on property and casualty losses

By Richard Lambert in New York

THE DOWNTURN in the U.S. insurance industry has left its mark on Cigna Corporation, the company resulting from the recent merger of Connecticut General and INA Corporation.

Substantial underwriting losses on its property and casualty side have contributed to a steep fall in first quarter earnings to $61.2m, or 79 cents a share compared with $120.8m or $1.57 a share for the two companies last year. The current year excludes a loss of 6 cents a share from investments compared with a gain of 31 cents last year.

Operating income on the property/casualty side was down from $61.2m to $22.3m, reflecting an underwriting loss of $158m compared with $66m.

The combined loss and expense ratio was 115.9 per cent, a sharp deterioration

Pay freeze at U.S. Gypsum

By Our Financial Staff

U.S. GYPSUM, the largest U.S. gypsum producer, has freezed all salaries temporarily and called a halt on bonus payments.

The company, which has been hit by the depressed U.S. building markets, announced profits for last year of $74.17m or $4.49 a share against $94.43m or $5.78 a share

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday June 16. Closing prices on May 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	101⅞	102⅜	−0¼	+0⅝	14.23
Amax Int. Fin. 16¼ 92	75	103¾	104¼	0	+0⅝	15.41
Amex O/S Fin 14¼ 89	75	97⅝	98⅛	−0⅛	−0⅛	14.74
APS Fin. Co. 16¾ 89	75	103½	104	−0⅛	+0¼	15.26
Armco O/S Fin. 15⅜ 86	50	100⅜	100⅞	−0¼	−0⅝	15.09
ATT 14¾ 89	400	101⅝	102⅛	0	0	13.78
Baker Int. Fin. 0.0 92	225	28	28½	−0⅛	+0⅛	13.79
Bk. Amer. NT SA 12 87	200	92⅜	92⅞	+0⅛	+0½	14.16
Burroughs Int. 15¾ 88	50	104⅞	105⅜	−0⅛	+0½	14.36
Canadair 15½ 87	150	101⅞	102⅜	−0⅛	+0⅝	14.81
Can. Nat. Rail 14⅞ 91	100	99⅞	100⅜	−0⅛	+0¼	14.55
Carolina Power 16½ 89	60	104½	105	−0½	−0⅜	15.27
CIBC 16 87	100	103⅜	103⅞	−0⅛	0	14.85
Citicorp O/S 15 84/92	100	100⅜	100⅞	+0⅛	+0¼	14.56
Citicorp O/S 15½ 85/97	125	101⅜	101⅞	−0⅛	+0¼	14.67
CNA 15⅞ 97	75	101	101½	0	+0½	15.63
Con. Illinois 15¾ 89	100	102⅞	103¼	−0⅛	+0¼	14.94
Duke Pwr. O/S 15½ 89	60	101¾	102¼	−0⅛	+0½	15.00
Dupont O/S 14½ 88	400	100½	101	−0⅛	−0¼	14.26
Dupont O/S Cap. 0.0 90	300	37⅝	38⅛	−0½	+0⅞	13.36
ECSC 14¾ 87	50	99⅜	99⅞	−0½	−0⅛	14.83
EIB 15½ 89	150	101⅜	101⅞	−0⅛	+0⅛	15.07
Eksportfinans 14½ 89	50	98⅜	98⅞	−0⅛	0	14.82
Gen. Elec. Credit 0.0 92	400	30⅝	31⅛	−0½	+0⅝	12.79
Gen. Elec. Credit 0.0 93	400	27¼	27⅝	−0⅛	0	12.79
Getty Oil Int. 14 89	125	99⅛	99⅝	−0⅛	+0⅛	14.26
GMAC O/S Fin. 16 88	150	102½	103	0	−0⅛	15.19
GMAC O/S 15¼ 85/97	100	99¼	99¾	0	+0⅝	15.43
Gulf Canada Ltd 14¾ 92	100	99⅞	100⅜	0	+0½	14.70
Gulf Oil 14¼ 94	175	98⅞	99⅜	−0⅛	+0⅞	14.39
Gulf Oil Fin. 0.0 92	300	28½	29	−0½	0	13.56
Gulf States O/S 16 90	60	101	101½	0	+1¼	15.69
Int.-Am. Dv. Bk. 15⅛ 87	65	100⅛	100⅝	−0⅛	+0⅛	14.95
Japan Airlines 15¼ 88	50	101⅝	102⅛	−0⅛	0	14.72
Japan Dev. Bk. 15½ 87	50	103⅜	103⅞	−0⅛	+0½	14.34
Nat. West 14¾ 91	100	101	101½	+0¼	+0⅛	14.45
New Brunswick 16¼ 89	75	105⅝	106⅛	−0¼	+0⅝	14.76
OKG 15¾ 85/97	50	98½	99	0	−0⅜	16.13
Ontario Hyd. 16 91 (N)	200	105¾	106¼	−0⅛	+0⅛	14.73
Pac. Gas & El. 15¾ 89	80	103½	104	−0⅛	+0¾	14.77
Pac. Gas & El 15½ 89	45	103⅜	103⅞	−0⅛	+0⅛	14.60
J. C. Penney Gl. 0.0 94	350	23⅜	23⅞	0	+1¼	13.05
Phillips Petrol 14 89	200	97⅜	97⅞	−0¼	−0⅛	14.56
Quebec Prov. 15⅛ 89	150	100⅞	101⅜	0	+0¼	14.93
R.J. Rynlds O/S 0.0 92	400	28¼	28¾	−0¼	−0½	13.72
Saskatchewan 16 89	125	104¼	104¾	0	+0¼	14.87
Spain 15¾ 87	100	99½	99⅞	−0⅛	−0⅛	15.91
Statsforetag 15¼ 87	50	100¼	100¾	−0⅛	0	15.61
Sweden 14½ 88	150	96½	97	0	+0½	15.26
Sw. Ex. Cr. 16½ 84/93	75	102⅞	103⅜	−0⅜	+0⅛	14.78
Swed. Ex. Cred. 15¼ 89	100	100⅛	100⅝	0	−0¼	15.12
Swed. Ex. Cred. 0.0 94	200	21⅞	22⅜	0	+1	13.61
Transcanada 16 89	100	102⅛	102⅝	−0⅛	+0⅛	15.38
Wells Fargo I. F. 15 87	75	101¼	101¾	−0⅛	0	14.51
WMC Fin. 15½ 88	50	98⅞	99¼	−0⅛	−0½	15.68
World Bank 15¼ 88	250	102	102½	−0⅛	+0⅛	14.60

Average price changes .. On day −0⅛ on week +0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9¼ 92	150	99¾	100¼	−0½	−0⅜	9.25
Australia 9⅛ 91	300	104⅛	104⅞	−0½	−0⅜	8.65
Australia 9⅛ 91	200	104⅛	104⅞	−0¼	−0⅞	8.61
Comp. Tel Esp. 10½ 92	100	101¼	102	−0⅛	+0⅛	10.22
Denmark 10 88	100	102¾	103½	−0⅛	−0¼	9.26
Denmark 10⅛ 92	100	103	103½	−0½	−0⅜	9.59
EDF 9⅞ 92	100	101⅞	102⅜	−0⅞	−0⅛	9.52
EEC 10⅛ 93	100	104⅜	105⅛	+0⅞	0	9.41
EEC 9¼ 94	200	103¼	103⅞	0	−0¼	9.25
EIB 9¾ 88	60	102⅝	103⅜	0	−0¼	9.15
Ireland 10⅛ 86	100	101⅞	102⅝	0	−0¼	9.47
Mexico 11 88	100	101⅞	102⅝	−0½	−1½	10.59
Nacnl. Financiera 11 90	150	100	100½	−0⅛	−0¼	10.93
Nat. West. 9⅞ 92	100	105	105¾	−0⅛	−0⅛	9.00
New Zealand 9¾ 89	200	104¼	105	−0⅛	−0⅛	8.86
OKB 9¾ 86	150	102⅝	103⅜	−0⅛	−0½	9.13
Quebec 10⅛ 92	150	105⅜	106⅛	−0⅛	−0¼	9.19
Quebec Hydro 10¼ 91	150	105	105¾	−0⅛	−0½	9.36
Renfe 10 92	100	99½	100⅛	−0⅛	−0⅛	9.98
Tauernautobahn 9⅞ 94	50	103¼	104	−0⅛	+0⅛	9.35
Venezuela 11½ 91	100	100⅝	101⅜	−0⅜	−0¼	11.32
World Bank 9½ 89	100	102½	103	+0⅛	0	8.94
World Bank 10 91	250	105⅛	105⅞	−0⅛	−0⅛	9.10

Average price changes... On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7½ 92	50	103⅜	104	−0¼	+0⅞	6.93
Aucalsa 7¾ 92	80	98⅞	99⅛	−0⅛	+0⅛	7.90
Australia 6½ 94	100	104⅛	104⅜	+0⅛	+0⅛	5.99
Cse. Nat. l'Energie 7 92	100	101⅜	101⅝	−0⅛	+0⅛	6.79
CFE-Mexico 8¼ 92	50	98½	98¾	+0⅛	−1⅛	8.46
Co-op. Denmark 8¾ 92	25	105¼	105½	+1	−0⅛	7.57
Crown Zellrbch. 6¾ 92	100	102½	102¾	−0⅛	−0¼	6.40
Denmark 7¼ 91	100	102⅜	102⅝	+0⅛	+1⅛	6.88
EIB 7¼ 92	100	102½	103	−0⅛	+0¼	6.85
Elec. de France 7 92	100	102⅜	102⅝	+0¼	+0⅛	6.63
ENEL 8 92	44	101⅛	101⅜	−0⅛	+0⅞	7.80
First City Fin. 8¼ 92	25	104¾	105	+0¼	+1¼	7.52
Kommunlane 7¼ 92	35	101½	102	+0¾	+1	6.98
Manitoba 7 92	100	106	106¼	0	+0⅛	6.14
Mitsui OSK 6½ 92	100	101	101¼	0	+0⅝	6.34
National Pwr. Co. 8 92	30	103¾	104	0	+0⅜	7.42
Nippon T. and T. 6⅝ 92	100	103½	103¾	+0⅛	+0⅛	6.12
OKB 8¼ 92	100	104⅜	104⅝	+0¼	0	7.06
Ost. Donaukraft 7 92	100	103⅜	103⅝	−0¼	0	6.53
Ost. Postspar 7½ 92	100	103⅝	103⅞	+0⅛	+0⅛	6.95
Philip Morris 6⅝ 92	100	103¾	104	−0⅛	+0½	6.09
Quebec 7⅛ 92	100	106	106¼	+0⅜	+1½	6.51
Sekisui Pre. 5¾ 92 WW	70	105⅞	106⅛	+0¼	+0¼	4.97
Soc. Lux. de Cnt. 8½ 92	80	105	105½	+0⅛	+0⅜	7.23
Transcanada Pipe. 7 94	100	103	103¼	−0½	−0⅝	6.60
Vorarlberg Kraft 6¾ 92	50	103	103¼	0	+0⅝	6.31

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅝ 91	15	100⅜	101⅜	0	+0¼	8.04
Int.-Amer. Dev. 8⅞ 91	15	102⅜	103⅛	0	+0⅛	8.43
Japan Airlines 7⅞ 87	9	97½	98¼	0	−0⅛	8.39
New Zealand 8⅛ 87	15	101⅛	102⅛	0	+0⅛	7.97
World Bank 8¾ 92	20	100⅛	101⅛	0	−0⅛	8.25

Average price changes . On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Pac. S. 16¾ 89 C$	50	†99½	100	+0⅛	+0¼	16.42
Crd. Foncier 17¼ 89 C$	30	†100	100½	+0¼	+1¼	17.05
Hudson Bay 17 89 C$	40	†100	100½	0	−0⅛	16.93
Montreal 17 89 C$	50	†102	102½	0	0	16.39
Queb. Hydro 16½ 89 C$	50	†99¾	100¼	0	+0⅛	16.46
Quebec Prov. 17 88 C$	50	†102½	103	0	+0½	16.19
Simpsons 16¾ 89 C$	40	†97¼	97¾	0	+0⅞	17.38
U. Bk. Nwy. 9½ 90 EUA	18	89¾	90½	−0⅛	−0¼	11.52
Algemene Bk. 10¾ 86 Fl	60	101½	102	−0¼	+0⅛	9.65
Amfas Group 12¾ 86 Fl	40	106⅜	106⅞	0	+0¼	10.36
Amro Bank 12 86 Fl	60	106⅜	106⅞	0	−0⅛	10.05
Phil. Lamps 10¾ 87 Fl	100	101⅛	101⅝	+0⅛	+0⅛	9.87
Pierson 10¾ 86 Fl	50	100¼	100¾	−0¼	−0⅛	10.02
Rabobank 12 86 Fl	50	106⅝	107⅛	−0⅛	+0½	9.86
OKB 14 86 FFr	400	91⅞	92⅞	−0⅛	+0⅛	16.82
Solvay et C. 14¾ 86 FFr	200	92¼	93¼	−0½	+0⅛	17.44
Acona 14 85 £	20	95¼	96¼	+0¼	+1⅛	15.55
Beneficial 14½ 90 £ (D)	20	87⅞	88⅞	0	+1¼	16.85
BNP 13¾ 91 £	15	92	93	0	+1⅞	15.06
CECA 13½ 88 £	20	94¾	95¾	+0⅛	+1	14.63
Fin. Ex. Cred. 13¾ 86 £	15	95½	96½	−0¼	+0⅛	15.11
Gen. Elec. Co. 12½ 89 £	50	92½	93½	−0⅛	+0½	14.14
Hiram Walker 14¼ 86 £	25	97⅜	98⅜	−0⅛	+1	14.98
Privatbanken 14½ 88 £	12	94¼	95¼	+0¼	+0⅜	15.95
Quebec 15½ 87 £	35	103¼	104¼	−0¼	+2¼	14.38
Reed (Nd) NV 16¾ 89 £	25	102⅞	103⅞	−0⅛	+1½	15.86
Royal Trustco 14 86 £	12	97½	98½	−0⅛	+0⅜	14.67
SDR France 15½ 92 £	30	99½	100½	0	+1½	15.48
Swed. Ex. Cr. 13¾ 86 £	20	97⅜	98⅜	−0⅛	+0⅜	14.38
Eurofima 10½ 87 LuxFr	500	96⅜	97⅜	−0¼	0	11.33
EIB 9¾ 88 LuxFr	600	94	95	−0⅛	+0⅛	11.08

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98¾	99	15/10	15.69	15.89
Bank of Montreal 5¼ 91	0¼	99½	99¾	29/10	15⅛	15.22
Bk. of Tokyo 5¼ 91 (D)	0⅛	98⅜	99⅛	10/6	13¼	13.40
Bk. Nova Scotia 5¼ 93	0¼	99¼	99½	29/10	15⅛	15.20
BFCE 5¼ 88	0¼	99⅛	99⅜	28/10	15	15.08
BFCE 5¼ 87	0¼	99½	100	27/7	16¼	16.29
Caisse Nat. Tels. 5¼ 90	0¼	99⅜	99⅞	21/4	15½	15.81
CCCE 5¼ 2002	0⅜	98½	99	11/6	14.82	15.00
Co-Ban Eurofin 5½ 91	0¼	99⅛	99⅜	14/10	16	16.10
Credit Agricole 5¼ 97	0¼	98⅞	99⅛	24/9	15.44	15.53
Credit Lyonnais 5¼ 97	0¼	99⅜	99⅞	1/10	16	16.06
Credit Nat. 5¼ 94	‡0⅛	98½	99	9/6	14.69	14.87
Denmark, Kngdm. of 92	0⅛	†99½	99¾	25/8	15.44	15.55
Den Norske Cred. 5½ 93	0¼	97¾	98¼	4/6	13.56	13.84
Genfinance 5¼ 92	0⅛	99⅝	100⅛	30/6	15½	15.52
Ind. Bank Japan 5¼ 88	0⅛	99⅛	99⅝	12/11	14½	14.59
Lloyds Eurofin 5¼ 93	§0⅛	99⅛	99⅝	29/4	17.13	17.24
LTCB Japan 5¼ 89	0¼	99⅛	99⅝	16/7	15.31	15.41
J. P. Morgan 5¼ 97	§0⅛	99	99½	12/8	14⅝	14.74
Nat. West. Fin 5¼ 91	§0⅛	99⅛	99⅝	15/7	15.19	15.26
New Zealand 5¼ 87	0¼	99½	99⅞	7/10	15.56	15.62
Nippon Credit 5¼ 90	0⅛	99¼	99¾	10/8	16.06	16.14
Nordic Int. Fin. 5½ 91	0¼	98⅞	99⅛	6/11	15¼	15.40
Offshore Mining 5¼ 91	0¼	98⅝	99⅛	2/6	13	13.13
PKbanken 5 91	0¼	99	99½	17/6	14⅜	14.48
Scotland Int. 5¼ 92	0¼	98⅞	99¼	23/9	15½	15.53
Sec. Pacific 5¼ 91	0⅛	99	99½	24/5	13¼	13.35
Societe Generale 5¼ 95	0¼	99⅛	99⅜	1/9	15.31	15.41
Standard Chart. 5¼ 91	0⅛	98⅝	99⅛	18/5	13.31	13.46
Sumitomo Fin. 5½ 88	0¼	99½	100	9/8	16	16.04
Sweden 5¼ 89	0¼	99⅛	99⅜	26/8	15.31	15.43
Toronto Domin'n 5¼ 92	0⅛	99⅜	99⅞	11/8	16⅜	16.44

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	91	92½	−0⅜	4.20
Bow Valley Inv. 8 95	4/81	23.12	97	98¾	−0⅛	52.19
Bridgestone Tire 5½ 96	3/82	470	91¾	93¼	−0⅜	−1.31
Canon 6¾ 95	1/81	829	108¼	110¼	+4	12.82
Daiwa Secs. 5½ 96	12/81	513.3	†67	69	−1	−2.90
Fujitsu Fanuc 4½ 96	10/81	5641	94	96	−1	5.01
Furukawa Elec. 5¼ 96	7/81	300	99	100½	0	−3.38
Hanson O/S Fin. 9½ 96	8/81	1.26	†89	90	+3	−8.14
Hitachi Cable 5⅛ 96	2/82	515	92½	94	+1	2.72
Hitachi Cred. Cpn. 5 96	7/81	1672	85¾	87¼	−0⅛	5.32
Honda Motor 5½ 97	3/82	841	91⅞	93⅜	+1½	2.91
Inchcape 8 95	2/81	4.55	†60	62	−2⅛	16.89
Kawasaki 5¼ 96	9/81	229	72⅞	74⅛	+0⅛	4.25
Marui 6 96	7/81	846.4	106½	108	+0½	4.80
Minolta Camera 5 96	10/81	826.4	65¾	67¼	+1¾	8.56
Minorco 9¼ 97	5/82	8.16	†86	87½	−0½	12.48
Murata 5¼ 96	7/81	2168	64½	66	0	14.35
NKK 6½ 96	7/81	188	85⅜	86⅞	+0⅜	−12.05
Nippon Chem-C. 5 91	10/81	919	68	70	0	10.52
Nippon Electric 5⅛ 97	2/82	848	99¼	100¾	+0⅛	10.48
Orient Finance 5¼ 97	3/82	1205	96⅛	97⅞	+0¼	4.10
Sanyo Electric 5 96	10/81	652	74¾	76⅛	+2½	12.25
Sumitomo Elec. 5½ 97	3/82	577.3	92⅞	94⅛	+1⅛	2.82
Sumitomo Met. 5¼ 96	10/81	296.1	70⅞	72⅜	+1⅞	23.09
Swiss Bk. Cpn. 6¾ 90	9/80	191	77¾	79¼	−0¼	22.42
Konishiroku 6 90 DM	2/82	585	106¼	107	+3⅛	7.28
Mitsubishi H. 6 89 DM	2/82	283	94⅞	95⅝	−0¼	12.91

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

German tyre group may again omit payout

By Our Frankfurt Staff

WEST GERMANY'S leading tyre manufacturer, Continetal Gummi-Werke, does not expect to pay a dividend for 1982, the second year running that shareholders will go empty-handed. But the group is hopeful that it will manage to break even this year.

Group pre-tax profits tumbled to DM 12.2m ($5.35m) in 1981 from DM 70.8m in the previous year. After-tax profits—before special provisions—showed a surplus of only DM 716,000, compared with DM 34m in 1980.

Profit margins came under pressure in all areas as falling volume sales made it impossible to recoup rising energy, labour and raw materials costs in higher product prices.

Conti-Gummi's Uniroyal Englebert subsidiary operated at a loss, and re-structuring measures implemented in Belgium have not yet made any significant impact on the division's financial performance.

Conti-Gummi also operated at a loss in its industrial products division. Overall group turnover virtually stagnated at DM 3.23bn, an increase of only 2.2 per cent.

In the first four months of 1982 Conti-Gummi recorded a 5 per cent rise in turnover and profit margins have eased slightly.

The Conti-Gummi group is seeking to expand manufacturing co-operation agreements around the world following completion of a licensing agreement last year with the Japanese tyre producer, Toyo Rubber in Osaka.

The next target is the U.S. and a deal for local manufacturing of Continental tyres in North America is expected in the near future.

The tyres division showed an unspecified profit in 1981 and held its market share, despite the recesion, worldwide overcapacity in tyre production and increased price competition. Parent company sales in 1981 fell 2 per cent to DM 1.08bn.

One factor damaging sales was the growt hof complete knockdown (CKD) vehicle sales, which exclude original equipment tyres.

Tyres and car-related products accounted for about 50 per cent of the group's world sales in 1981. This year the German car industry faces considerable uncertainties with weak domestic demand and exports vulnerable to the recent strength of the D-mark.

Sharp reverse in earnings at BASF in first quarter

BY KEVIN DONE IN FRANKFURT

BASF of West Germany, one of the world's leading chemicals companies, saw group pre-tax profits drop of 38.1 per cent in the first quarter of 1982 to DM 267m ($117m) from DM 446m in the corresponding 1981 period.

Profits fell chiefly as a result of the sharp deterioration in the oil refining and marketing division, continuing losses in commodity plastics, setbacks in its important potash activities and squeezed margins in the U.S.

Group sales in the quarter stagnated with an increase of just 2.3 per cent to DM 8.3bn. Sales growth continues to come from abroad; exports rose by 8 per cent in the first quarter to DM 2.3bn with strong demand in certain key foreign markets.

Last year BASF group sales rose overall by 14.6 per cent to DM 31.7bn. Foreign turnover showed an increase of 21.4 per cent to DM 17.9bn, while domestic sales rose by just 6.8 per cent to DM 13.8bn.

BASF ran up losses of DM 190m last year on its commodity plastics operations. It has now cut low density polyethylene (LDPE) capacity by 200,000 tonnes to 670,000 tonnes with cuts coming in the Federal Republic and Antwerp.

Prof. Matthias Seefelder, chief executive of BASF, said that capacity reductions of up to 25 per cent were needed across the plastics sector to overcome the industry's grave structural problems.

The group ran up operating losses of more than DM 200m on its refinery operations — losses jumped to DM 50-100 per tonne in the quarter from an average of DM 40 per tonne last year — and its German refineries are working at little more than 50 per cent of capacity.

The other mani loss-making area of BASF's operations last year was its BASF Systems subsidiary in the U.S. — manufacturers of audio, video and data processing products. The company has closed its plant at Los Gatos in California and declared a 1981 pre-tax loss of $26.3m.

In the face of continuing weak international demand, BASF is slowing its capital investment programme to around DM 2bn this year compared with plans announced last year for more than DM 2.2bn.

Spanish utilities in merger

BY ROBERT GRAHAM, IN MADRID

TWO OF Spain's private utilities, Union Electrica and Fenosa, have merged to form the country's third largest electricity generating company with total assets of Pta 250bn ($2.5bn). The deal is widely regarded as a forerunner of other utility mergers.

The merger still requires government blessing, which relates largely to the way in which the merged company, to be called Union Electrica-Fenosa, has established its tax structure.

In Galicia where Fenosa is based, there is opposition from worker shareholders and the local savings banks which fear regional control over Fenosa.

One of the major attractions in the merger was the cheap hydro power that Fenosa controlled in Galicia and the nuclear potential of Union, whose distribution area covers Central Spain. The two companies have some common clients and Union hold a 6 per cent stake in Fenosa. The state holding company, INI, had a 10 per cent stake in Union and board membership, so that the Government has effectively endorsed the idea of the larger unit.

On the basis of 1981 results, the combined companies had a turnover of Pta 116m and total fixed assets of Pta 640bn. Together they employ 7,300.

The cost savings of the merger are attractive, especially if staff cuts can be made. Equally, the consolidation of assets provides greater financial muscle to meet increasingly costly capital spending. The merger also has the appeal of strengthening the companies against fears of nationalisation.

French nationalisation worries Spain

BY OUR MADRID CORRESPONDENT

THE SPANISH Government is concerned about the status of subsidiaries in Spain of the newly nationalised French companies.

Under Spanish foreign investment laws, investment permits for private companies lapse if the parent company is nationalised. The subsidiaries of five French companies — CGE, PUK, Rhone Poulenc, Saint Gobain and Thomson — are affected by this ruling. The five Spanish units have combined sales of Pta 150bn ($1.5bn).

In the case of the Saint Gobain and PUK subsidiaries the French state now controls 95 per cent of the glass sector and 65 per cent of aluminium production. Between them they own or control 88 Spanish affiliates with assets of Pta 90bn.

The Spanish Government realises that if it wishes to encourage a free market economy and join the EEC, it cannot act too aggressively to inhibit this French state. Indeed, it is recognised that the laws governing this aspect of foreign investment are primarily aimed at Eastern Europe.

However, there is a genuine fear that the French Government in a move to stimulate employment in France could stop new investment in Spain or carry out a policy of disinvestment. Alternatively, the French may seek to cover the Spanish market *more and more from* France.

As a result the Spanish authorities feel that some 40,000 jobs could be at risk. Thus in seeking to renegotiate the legality of the companies, it is likely that guarantees will be sought on this aspect.

In February the Spanish Ministry of Economy sent out a questionnaire to the companies concerned giving them three months in which to reply. So far the Ministry reports little response.

Saint Gobain employs over 12,000 in Spain and has a turnover of Pta 50bn. PUK is involved via Aluminio Espanol and Aluminio de Galicia and Rhone Poulenc has an important stake in the Spanish chemical *industry plus interests in fibres* and paper.

Severe profits reverse at Boliden

By Our Nordic Editor

BOLIDEN, the Swedish metals and chemicals group, announced a sharp fall in earnings from SKr 72m in the first quarter of 1981 to SKr 4m ($696,000) this year.

A lower income from metal trading, shipping problems in the chemicals business and exchange losses of SKr 17m where the main causes for the decline.

The management expects earnings for the whole of 1982 will be about SKr 150m compared with the SKr 285m last year and SKr 430m in 1980. Last month, Boliden was still forecasting unchanged profits *this* year.

First quarter sales totalled SKr 1.16bn ($20.2m), SKr 218m less than last year. The previous figures, however, included about SKr 260m in sales by Suprajn, the Swedish fertiliser company sold last year to Norsk Hydro.

Mr John Dahlfors, managing director, said the world price for copper in the first quarter was the lowest in real terms since the 1939-45 war. Lead and zinc prices also fell as a result of weaker demand from the car and building industries.

Extraordinary income of SKr 3m boosted the first quarter pre-tax figure to SKr 7m.

Astra lifts turnover

By Our Nordic Editor

ASTRA, Sweden's largest pharmaceutical company, reports a 18 per cent increase in sales to SKr 812m ($141m) during the first four months of the year.

The annual report anticipated a 15 per cent increase in sales to SKr 2.5bn in 1982 and a lift of between 17 and 21 per cetn in pre-tax profit to SKr 270-280m. Last year Astra's sales were SKr 2.25bn while earnings shot ahead to SKr 240m.

Philips pegged by steep rise in financing costs

BY WALTER ELLIS IN AMSTERDAM

PHILIPS, the Dutch electrical group, reports a 10 per cent increase to Fl 591m ($233m) in trading profits for the first quarter of 1982. Net profit after tax, however, eased to Fl 116m from Fl 134m following a 46 per cent rise in financing costs.

Sales were up 5 per cent on the same period of last year, helped by above-average growth in demand for electrical equipment—notably video recorders and colour televisions—in both the domestic and professional markets. The forthcoming World Cup competition due to take place this summer in Spain, has helped boost TV demand.

Philips notes that sales overall rose most sharply in the U.S. and Canada, while growth in Western Europe continued to be held back by the economic recession. On the other hand, Europe provided much of the increase in trading profit over the period. Improved sales in Latin America also helped.

Sales in the industrial supplies division were variable, with a strong performance in television tubes and lighting equipment but problems in the integrated circuits. Sales of medical equipment in the U.S. were good, however, and there were also above average results in the sale of information systems and cables to Saudi Arabia. Sales dipped in Asia and Africa.

Philips expects sales volume to rise 5 to 6 per cent this year and it maintains its earlier forecast of a gradual improvement in profits for 1982.

● Trading group Verenigde HVA-Maatschappijen returned to the black last year, booking a Fl 2.4m profits after a Fl 681,000 loss a year earlier. The entire profits is to be allocated to the reserves.

The improvement results are largely attributable to income from agro-industrial activities. A further improvement is expected this year.

French move to stimulate electronics sector growth

BY TERRY DODSWORTH IN PARIS

M JEAN-PIERRE CHEVENEMENT, France's Minister of Research and Technology, has set the country's electronics industry the ambitious target of breaking into the front ranks of world producers by the end of this decade.

The plan is one of several industrial projects currently spilling out of the Government as officials begin to get to grips with the newly nationalised sector. But M Chevenement, one of the brighter stars among the younger members of the administration, is clearly determined to give a special significance to electronics.

Describing the industry as a sector which had to be given "*strategic priority*," he called for a global mobilisation of the industry's resources. The Government, he said, would support a co-ordinated effort in training, research and investment, on the lines of the policies which created the country's nuclear industry.

The Research Ministry is now working on a detailed project which should be presented in early summer. But M Chevenement has indicated the main lines of his thinking in his comments on a report on the industry prepared for his Ministry.

According to the report's figures for 1980, France occupies fourth position in the world production league for electronics equipment, behind the U.S., Japan and West Germany. It comes slightly in front of Britain in the value of output (FFr 83bn ($13.9bn) in 1980 against FFr 74bn), but creates less of its GNP in this sector (3 per cent against 3.8 per cent).

No French company figures among the top 11 world enterprises, although three of the recently nationalised groups—CGE, Thomson and Matra—are hovering just below these leaders.

France's trade in electronic products led to a FFr 1.5bn deficit last year with exports of 37.5bn and imports of FFr 39bn, compared with 1980 surpluses of FFr 64bn in Japan and FFr 20bn in the U.S.

M Chevenement's broad objective is to generate a trade surplus of around FFr 30bn by 1990, creating about 200,000 jobs in the process. To achieve this objective the industry will be asked to lift research investment, in volume terms, from around FFr 12bn to FFr 20bn in 1986.

Dollar boost for Banque Indosuez

By David Housego in Paris

A VIGOROUS expansion of overseas activities and a stronger dollar helped boost consolidated profits of Banque Indosuez last year by 28 per cent from FFr 534m to FFr 683m ($114.8m).

The bank says, however, that margins fell on both overseas and domestic activities. This was particularly sharp in France because money market rates were above base lending rates for much of the year. Indosuez is heavily dependent on the money market for its franc resources.

The bank, which is still in the throes of being nationalised, continued *the rapid* expansion of its overseas network both in its traditional areas of the Far East, but also in the U.S. and Europe. New branches were opened in Bombay and Nairobi.

Total assets rose by 49 per cent to FFr 140bn

● Banque Bruxelles Lambert had a balance sheet total at end-March of BFr 965bn ($22.4m), 25.9 per cent more than at end-March, 1981. The rise was due to a 38.4 per cent rise in bankers' deposits and a 13.3 per cent rise in customers' deposits.

Saga bidding for Noco

BY FAY GJESTER IN OSLO

SAGA PETROLEUM, one of the thre Norwegian oil companies chosen by its Government, to play a major role in exploration and development on Norway's Shelf, is bidding for Noco, the Norwegian oil consortium.

Saga, whose main source of income at present is its 1.6 per cent stake in the Anglo-Norwegian Statfjord field, is committed to heavy borrowing in connection with stakes in 16 licence areas on Norway's Shelf. It does not expect to move into profit for several years.

In contrast, Noco, a limited partnership with 16 companies in industry, shipping and insurance, expects to have positive cash-flow later this year. Noco's 16 member companies together also account for a sizeable share of Saga's capital.

It is understood that Saga is prepared to pay NKr 30m ($5.08m) for each 5 per cent stake in Noco, whose capital is divided into 20 units, with four of its 16 partners holding two units and the rest one each.

Companies and Markets

INTL. COMPANIES & FINANCE

Growth at Barlow Rand checked by lower margins

BY THOMAS SPARKS IN JOHANNESBURG

BARLOW RAND, the major South African mining and industrial group, is starting to feel the effects of the country's economic slowdown and poor overseas demand for minerals.

For the six months ended March group operating profit before interest and tax was R327m ($311m) or 16.8 per cent higher than a year earlier. But first-half turnover grew by 19 per cent to R2.49bn from R2.09bn. In the year ended September 30, 1981 turnover was R4.57bn and operating profit R648.6m.

Management said there was an overall reduction in margins as trading conditions became increasingly competitive. However, not all divisions and subsidiaries produced poorer results. The cement, sugar, electronics, motor and engineering supplies, fuel distribution and packaging operations improved their performances.

On the other hand, the floor coverings, textiles, heavy equipment, building materials and appliance divisions all reported lower profits. The mining division suffered from difficult trading conditions in base mineral markets as well as lower dividends from the group's gold mining investments. In line with base metals, the ferro alloy and stainless steel operations experienced no improvement in their markets and their profits fell.

The board expects trading conditions to worsen in the *current six months.*

An unchanged interim dividend of 21 cents has been declared, though first half earnings rose to 87.5 cents a share from 86.1 cents a share. The board says that it is difficult to forecast second-half earnings but that it is intended to pay *an unchanged total dividend of* 70 cents. In the year ended September 30, 1981, earnings were 204.7 cents a share.

Sluggish first half at C. G. Smith

BY OUR JOHANNESBURG CORRESPONDENT

C. G. SMITH, the South African holding company with interests in sugar, floor coverings, packaging and food, and which is a 51 per cent-owned subsidiary of Barlow Rand, put in a pedestrian performance in the six months ended March 31, 1982. First-half operating profit before tax, interest and dividend income rose by only 6.1 per cent to R98.7m ($93.8m) from R93m. *First-half turnover of* R695.8m was 12.1 per cent higher than the R620.7m of the corresponding period of 1981. In the year ended September 30 1981, turnover was R1.25bn and operating profit R199m.

The company's main problem area was its 56 per cent-owned floor coverings subsidiary, Romatex, which reported a 12 per cent drop in first-half trading profit. Sales volumes and profit margins fell and an early improvement is not expected. In packaging, the 59 per cent-owned Nampak does not expect to maintain its first-half growth rate because of the economic slowdown.

The sugar division, on the *other hand, enjoyed earnings* considerably higher than in the previous year. There were sizeable increases in cane and sugar production as well as a higher contribution from the chemical division.

Crop *prospects for* the present season are good and earnings *are expected to be maintained* despite depressed world sugar prices.

In the six months just completed, sugar operations provided *30.4* per cent of C. G. Smith's R61.66m after-tax profit. Romatex provided 19.4 *per cent*, Nampak 45.8 per cent and miscellaneous operations the remaining 4.3 per cent.

An interim dividend of 50 *cents has been* declared from earnings of 124 cents a share. Last year the interim dividend was 45 cents and first-half earnings 106 cents. The year ended September 30 1981, resulted in earnings of 242 cents a share *and a total dividend of* 115 cents.

Merged Australian bank earns A$81m

By Ian Perkin in Melbourne

THE MAJOR Australian bank resulting from last October's merger of the National Bank of Australasia and the Commercial Banking Company of Sydney has reported a maiden net profit for the six months ended March of A$81.35m (U.S.$86m).

The institution is waiting for final approval of its new name, the National Commercial Banking Corporation of Australia.

It is the first profit to be *reported from either of the* two banking mergers now being completed in Australia. The other is the merger of the Bank of New South Wales and the Commercial Bank of Australia to form Westpac Banking Corporation.

No direct comparison of the National Commercial Bank's interim profit is possible with previous periods because of *the merger and the different* accounting periods of the two component banks. The National reported in March and September (the dates selected for the merged group) while the Commercial balance in December and June.

But in issuing the interim results, the newly merged bank did produce some roughly comparable figures. These showed that while the National Bank's profit from banking was up 14.2 per cent from A$39.3m to A$44.9m, earnings at the Commercial Bank actually fell by 6.6 per *cent from A$20m to A$18.7m.*

For the finance subsidiaries, earnings at the National's Custom Credit Group were up 25.6 per cent from A$10.14m to A$12.74m and the Commercial's Commercial and General Acceptance *lifted* profits by *52.8* per cent from A$2.81m to A$4.3m.

The merged group's total revenues nearly doubled to A$1.12bn.

Pressure on interest *margins, together with* increases in operating costs, slowed profit growth in the banking companies.

Worthwhile growth in profits and receivables was achieved by the financial *subsidiaries*

The board declared an 11 per cent interim dividend.

Plaza contract for Hopewell

By Wong Sulong in Kuala Lumpur

HOPEWELL Construction Company, part of the Hopewell Group of Hong Kong, has won a US$22.7m contract to build a shopping and apartment block for the Eastern and Oriental Hotel on Penang Island, Malaysia.

The award calls for the building of a nine-storey plaza, with a gross built-up area of 360,000 *sq ft for shopping lots, offices* and car parks, and a 21-storey block of 82 luxury apartments.

Goodwood Park ahead

BY GEORGIE LEE IN SINGAPORE

GOODWOOD PARK HOTEL, a major local hotel group, has reported a 21 per cent improvement in group pre-tax earnings to S$16.8m (US$7.3m) for the six months ended March. Group *turnover, however, fell* 12 per cent to S$33.2m.

Goodwood said that the profit growth reflects a further improvement in the hotel industry during the six months. However, it warned that second-*half business conditions may* not be as buoyant, although results should be quite satisfactory.

Goodwood disclosed that the results no longer include those of Ming Court Hotel which is now majority owned by the Malayan United Industries *(MUI) group.*

The group declared an interim gross dividend of 15 per cent.

Its subsidiary, Hotel Malaysia, reported a 15 per cent improvement in pre-tax earnings to *S$2.76m. Hotel Malaysia has* also declared an interim gross dividend of 15 per cent.

Mr Christian Olsen (left), chairman and chief executive of Lief Hoegh: " Some parts of the Norwegian flag are not competitive." Hoegh is prepared to work " in bigger groups with good partners " to safeguard its presence on important routes.

Mr Arne Skauge (left), Norway's youthful Minister for Trade and Shipping in the new Conservative Government: " We are trying to be flexible, so as to meet the demands of owners where there is a genuine business reason for flagging out."

Chill wind in Norwegian shipping

Andrew Fisher, recently in Oslo, reviews the way in which Norwegians shipowners are reacting to the increasing cost of operating under their national flag, and to international moves threatening their access to profitable routes. *The Norwegian seamen's union, headed by Mr Henrik Aaserod, however, is* unlikely to take a passive line on this or crew cutting

NORWEGIAN SHIPPING companies, which control nearly 5 per cent of the world fleet, are becoming more sceptical about the merits of their national flag. *Not only is it increasingly costly* to operate under it, but shipowners are worried about international moves which could restrict their access to profitable cargo routes.

With world tanker *and dry cargo rates at depressingly low* levels and showing no signs of lasting recovery, companies are tending to follow three main policy *lines*: "flagging out," or, *that is, shifting some of their* fleets to cheaper and more convenient flags; trying to reduce crews even further; and conserving cash as best they can.

So far, Norwegian owners have not flagged out to *any* great extent. But they would certainly like to and the issue has been well-aired in their boardrooms. The tonnage registered *outside Norway* is about 5 *per* cent of the fleet, but could rise to as much as a quarter in the next few years.

Since Norwegian ships *already have* some of the *lowest manning* levels in the world, the seamen's union is unlikely to take a passive line on flagging out and crew cuts. It points out that manning levels in other countries are 25-30 per cent *higher than in* Norway. And while the fleet provided nearly 70,000 jobs 15 years ago, there are now only about 26,000.

Mr Henrik Aaserod, head of the union, has said he sees no advantage to *Norwegian* shipping in the trend to foreign flags. In the long-term, he feels it could be unhealthy for the industry. But the major shipping companies *see it* as an essential *part* of their *strategy* for the 1980s and beyond.

"Some parts of the Norwegian flag are not competitive," says Mr Christian Olsen, chairman and chief executive officer of *Leif Hoegh. For older ships* especially, he feels, operating costs are too high. As well as lowering costs, companies like Hoegh want to maintain *their presence on* important routes in the face of moves to squeeze them out.

It is therefore prepared to *work "in bigger groups with* good partners" to try to achieve this. Hoegh's programme for new ships has been framed with such joint ventures *in* mind, with risk-spreading and international diversification its evident watchwords.

"Partnerships are fundamental to gaining access," argues Mr Olsen. Through *Unctad (United Nations* Conference on Trade and Development), developing countries want to have cargoes allotted mainly between exporting and importing countries, with about *a fifth left for cross-traders.*

Since only about a tenth of the Norwegian fleet of 38m deadweight tonnes trades in and out of Norway, the consequences of such protectionism *for shipowners could be harmful.* "We might have to go inside the fence in some countries," he adds. In other words, Hoegh and other companies would have to go into *new partnerships with countries* wanting to build up their own fleets.

"We are approached rather frequently by foreign groups in other countries. They want to use our shipping know-how to *build up their own shipping* industries," he comments. With other shipping executives, he is confident that the new, conservative government is on the industry's side.

This view seems to be borne out by the comments of Mr Arne *Skauge*, Norway's youthful Minister for Trade and Shipping. "We are trying to be flexible so as to meet demands of owners where there is a genuine business reason for flagging out." *Currently,* companies *cannot* simply flag out on the basis of cutting costs, but have to obtain specific licences for each project.

These are granted where it is clear that access to certain markets would otherwise be closed, co-operation with developing countries is involved, a *foreign shareholder controls* the cargo, or provides much of the equity, or if older ships marked up for eventual sale are used.

But the Norwegian Shipowners' *Association wants such* deals to be allowed purely on the basis of companies' market strategy. Owners themselves, however, are not convinced that liberalisation will be taken *far enough.*

Over the next five years, Wilh. Wilhelmsen, another major Norwegian shipping group, intends to flag out all of its bulk carriers, leaving the more sophisticated capital-intensive ships under the national flag. It has 11 bulk carriers, but is *not happy about the outlook in* this sector, as other worldwide owners are not.

In its 1981 annual report, the group said the growth in the world bulk fleet and low economic activity caused "concern *over the* development for the next few years." But Wilhelmsen, which is also engaged in liner, tanker and offshore activities, is looking to opportunities in the more sophisticated car carrier market.

Underlying its shipping business is a drive to maintain liquidity at as safe a level as possible. "In these turbulent times, we have *to look more* closely at cash flow than before," says Mr Ivar Lovald, the managing director.

At Sig Bergesen D.Y., which has a new order book of *nearly $350m, the cash position is also* scrutinised closely. The group, strong in tankers as well as bulk and gas carriers, currently has some $200m earning interest in international *money* markets and has invested in a property venture in California.

Whether or not Norway's shipowners get their way in flagging out or cutting crews further—*the scope for more manning* reductions is limited — they will continue to modernise their fleet. The total order book is around NKr 20bn ($3.3bn) and the average age *of the fleet is just over seven* years, one of the world's lowest.

But ownership is becoming more concentrated. Ten years ago, before the world shipping industry started to slump, the *five largest Norwegian companies* controlled 26 per cent of the Norwegian tonnage. Now, they have 36 per cent. The trick for such owners now is to continue combining bigness with flexibility.

WORLD STOCK MARKETS

NEW YORK

Wall St mixed at midsession

AIRLINE STOCKS were the centre of attention on Wall Street yesterday morning following Braniff International's bankruptcy announcement, while the rest of the market was mixed in fairly active trading.

The Dow Jones Industrial Average eased a slight 0.19 to 865.58 and the NYSE All Common Index 2 cents to $68.67 at 1 pm. Gains held a marginal lead over declines of about 20 shares, while trading volume totalled 40.39m shares, against Wednesday's 1 pm figure of 45.46m.

Braniff's Chapter 11 filing, and its announcement that all its flights have been suspended, led to speculation on Wall Street about which Carriers will pick up Braniff's passengers.

Analysts said American Airlines and Southwest Airlines may be the immediate winners, since they compete directly with Braniff on many routes. Trading in both issues was halted yesterday morning for an order imbalance, but Southwest opened just before mid-day with a gain of $1⅞ to $38⅜.

Delta, one of the more financially healthy Carriers, was the second most active issue and advanced $2½ to $31⅞. Also active was Transworld, up $1 to $21 and Pan-Am, unchanged at $4⅛.

Usair rose $¾ to $15⅞, Northwest $1¼ to $29⅝ and UAL $½ to $19½.

Cigna dropped $4⅞ to $41⅞ on heavy volume after a delay in trading. The company, recently formed through a merger of Connecticut General and INA, reported sharply lower first-quarter earnings.

THE AMERICAN SE Market Value Index gained 1.10 to 281.28 at 1 pm. *Volume 3.15m* shares.

Canada

Stocks were mainly lower at mid-session as Oils and Real Estate issues backtracked, but Golds showed some firming. The Toronto Composite Index was off 7.3 at 1,578.7 on turnover of 2.06m shares. Oil and Gas fell 13.8 to 2,846.1, Real Estate 37.9 to 3,674.3, but Golds rose 14.9 to 2,100.6.

Tokyo

A strong performance by many export-orientated Blue Chip issues featured the Tokyo market yesterday.

The Nikkei-Dow Jones Average moved ahead 63.43 to 7,603.21 and the Tokyo SE index 5.25 to 562.29. However, gains throughout the First Market only exceeded declines by 323 to 277, while volume was a moderate 280m shares and not a great deal above Wednesday's 230m.

Behind the Blue Chip surge, trades said, was a growing feeling that pressure on Japan to further restrict exports and ease trade frictions might not intensify. There had been fears here that the U.S. and the European Community would ask Japan to control exports at a series of international meetings this week.

One trader commented, however, that "judging from what happened at the trilateral trade conference in France, a lot of people now think that this is not going to happen." He was referring to a meeting of representatives of the U.S., Japan, the EEC and Canada this week in which the participants were reported to have agreed to avoid steps *that would impede free trade.*

News that U.S. retail sales picked up in April also raised expectations that the pressure on Japan might ease and that Japanese exports to the U.S. might increase.

A Japanese press report that Toyota Motor's pre-tax earnings may set a record in the fiscal year ending in June helped to send the shares up Y60 to Y1,100 and also boosted other Motor issues. Honda climbed Y29 to Y780 and Nissan Y7 to Y832.

Light Electricals, Precision Instruments, Heavy Electric Machine Makers, Steels and other market leaders made strong gains, also encouraged by chart considerations.

Hitachi rose Y24 to Y683, Toshiba Y12 to Y361, Sony Y120 to Y3,670, Victor Japan Y140 to Y2,400, Sumitomo Metal Y8 to Y180, Nippon Steel Y3 to Y166, Canon Y23 to Y898 and Olympus Y42 to Y942.

However, Pioneer Electric shed Y30 to Y1,450 in anticipation of relatively poor earnings results due to a slowdown in demand for audio equipment and video discs.

Germany

Most shares closed easier after modest turnover as investors remained in cautious mood, with sentiment still depressed by Wednesday's discouraging reports from AEG and BASF. The Commerzbank index *shed 3.1* to 701.4.

Electricals issue AEG, which has announced continuing high operating losses, fell on selling by small shareholders to a record low of DM 35 before recovering *to close DM 3.90 down at DM 36.*

In Chemicals, BASF fell to DM 127 on the news of a sharp fall in first-quarter parent company profits, but rallied to end only 30 pfennigs lower at DM 128.30.

In contrast, Engineerings benefited from foreign buying, Deutsche Babcock adding DM 2 at DM 196 and GHH DM 2.30 at DM 186.80.

Conti Gummi, not optimistic about 1982 dividend prospects, *lost DM 1.80 to DM 51.*

Australia

Profit-taking by local and overseas investors concentrated in some Heavyweight Resources issues halted the market's rally *of recent days.*

Market observers said Asian investors stayed out of the market for the first time this week, adding to the day's losses. However, a belief among soe traders that interest rates have *peaked tended to push Industrial* stocks higher. Also, a number of Oil and Gas issues were firmer as dealers anticipated further good news from the drilling rigs.

The All Ordinaries index, which advanced 8.9 on Wednesday, lost 4.9 at 520.4. Metals and Minerals retreated 11.0 to 384.6 on index, although Oil and Gas was only 1.3 down at 492.3, while the All Industrials index gained 1.4 to *673.7.*

One of the major casualties of the session was Western Mining, which fell 25 cents to A$3.75 after Esso said that it would pull out of the Yeelirrie uranium prospect. This is the *third major prospect Esso has* walked away from in recent weeks and the second in Australia.

Elsewhere in Minings, MIM weakened 20 cents to A$3.25, CRA 10 cents to A$3.25 and *North BH 7 cents to A$2.13.*

Resources-related issue BHP receded 22 cents to A$8.20, as did CSR to A$3.30, but Vamgas put on 14 cents to A$8.00.

Amsterdam

The continuing Dutch Government crisis following the resignation of Labour ministers had a depressing effect on share prices.

Minor losses were seen across a broad front, while Internationals and Insurers showed slightly larger declines.

Hong Kong

Stock prices mainly improved in early dealings, but then came under some profit-taking pressure to close mixed to easier on balance after a reasonable business.

The Hang Seng index finished a modest 13.50 down on the day at 1,383.85. Combined turnover on the four exchanges came to HK$329.99m, compared with the HK$227.76m traded in the short Wednesday session.

Jardine Matheson stood out among the Hongs, holding an advance of 70 cents at HK$20.70. *Analysts said the movement* resulted from fundamental factors and buy recommendations from several brokerage houses.

Closing prices for North America were not available for this edition.

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

Financial Rand US$0.80 (Discount of 15⅓%)

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

(**) Saturday May 8: Japan Dow 7558.17, TSE 559.31.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. ¶ Closed. u Unavailable.

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Market tone gives way to uncertainty and leading shares drift lower—Index reacts 5.7 to 585.2

Account Dealing Dates

Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Apr 19	Apr 28	Apr 29	May 10
Apr 30	May 13	May 14	May 24
May 1	June 3	June 4	June 14

* "New time" dealing may take place from 9 am two business days earlier.

London stock markets turned quietly dull yesterday. The slightly more hopeful outlook for a peaceful solution to the Falkland Islands crisis gave way to uncertainty pending further news of the UN negotiations and the outcome of yesterday's Commons debate.

Selling was usually for small amounts of stock, but potential buyers were content to hold off and leading industrials drifted off for most of the trading session. Reports that a British task force frigate had been damaged tended to dampen sentiment but, with the two-week trading Account ending today, technical factors also played a part in the reaction.

The day's trend was well illustrated by the FT 30-share index, which reduced a loss of 2.5 at the 10 am calculation to *one of only* a point *an hour later* before easing progressively to record a fall of 6.4 at 3 pm; a slight hardening of the tone in the late dealings left the index with a fall of 5.7 on balance at 585.2.

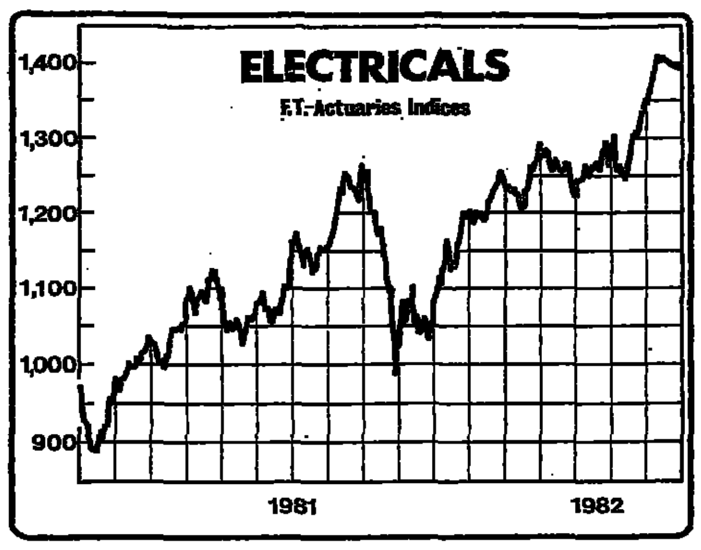
Apart from occasional features in response to trading news and bid speculation, interest in secondary issues was at a low ebb. Among the sectors, Oils showed above average falls, sentiment being unsettled by disappointing first-quarter figures and accompanying bearish comments on the outlook from Ultramar.

British Funds also turned reactionary, underlying sentiment not being helped by tighter conditions in money markets and yesterday's downturn in sterling against the dollar. Trading conditions were thin, and losses in short and long-dated stocks were usually limited to ⅛ after a small turnover. Index-linked stocks, in contrast, were helped by favourable comment and edged up to close ⅛ higher. The Government Securities index recorded a loss of 0.20 at 69.21.

Seccombe Marshall up

Seccombe Marshall and Campion highlighted firm Discount Houses, rising 25 to 235p in response to the good preliminary results and proposed one-for-seven scrip issue. *Satisfactory annual figures prompted* an improvement of 2 to 98p in **King and Shaxson**, while **Gillett Bros.** rose 7 to 147p in sympathy. Elsewhere, **Bank of Ireland** recouped an early fall of 5 and closed a couple of pence up on *balance at 237p following the 78* per cent jump in annual earnings. The major clearing banks lost the previous day's gains on end-Account considerations. News of the bank's decision to open 400 branches on Saturdays from September failed to enthuse **Barclays**, which lost 8 to 460p.

Apart from **Eagle Star**, which edged forward 2 to 367p on sporadic speculative support. *Composite Insurances drifted* lower. **Royals** lost 4 to 342p on further consideration of the first-quarter figures.



Breweries were inclined easier in quiet trading but **Vaux** moved against the trend, rising 10 to a 1982 peak of 148p in response to better-than-expected interim figures. Elsewhere, dealings in **Louis Gordon** were temporarily suspended at 20p; the company announced yesterday that discussions are taking place with Pedro Domecq SA with a view to a bid for the outstanding minority.

Apart from **Costain**, which shed 6 *for* a two-day fall of 16 to 254p on further consideration of the preliminary results, leading Buildings held up well. Elsewhere, **Breedon and Cloud Hill Lime Works** attracted further demand and, in a thin market, added 5 more to 167p. **Francis Parker** touched a 1982 peak of 23½p before closing a net 3 up at 23p as speculative interest revived.

Lack of support and occasional selling left **ICI** 4 cheaper at 322p. **Amersham** touched a peak of 216p before closing 2 dearer on balance at 214p.

Bambers sold

Nervous selling induced by rumours of a boardroom rift took its toll on **Bambers Stores**, which fell 5 to a 1982 low of 27p. A rising market of late on demand in a restricted market, **Lanca** lost 4 to 48p on profit-taking, while **Currys** came on offer and shed 6 to 186p. **J. Hepworth**, on the other hand, touched 108p before closing a net 4 up at 104p on revived bid hopes, while speculative buying prompted rises of 2 and 3 respectively in **Goodman Bros.**, 16p, and **S. and U.**, 17p. Among the narrowly mixed leaders, **Woolworths** softened 1½ more to 45½p after comment on the poor first-quarter figures.

Light end-Account profit-taking left **Plessey** 6 down at 422p and **GEC** 3 lower at 890p. **Philips' Lamp** fell 10 to 530p following the uninspiring quarterly report and **BICC** ended a similar amount cheaper at 330p. **Thorn EMI**, on the other hand, improved a few pence to 443p. Secondary Electricals *were featured by a rise of 8 to* 260p in **CASE**, while **Muirhead** gained 5 to 135p on revived hopes of a bid from Tyco Laboratories of the U.S.

Buying on defence spending hoped helped **Yarrow** to rise 15 to 360p and **Chemring** 6 to 358p. Elsewhere in Engineerings, **Pegler-Hattersley** rose 4 to 218p as did **Martonair International**, to 247p. **Mining Supplies** came on offer and shed 6 to 120p, while **G. M. Firth** relinquished 5 to 180p. The leaders drifted lower with **Hawker** leading the retreat at 332p, down 6.

Food Retailers remained subdued on price war worries. **Tesco** cheapened a penny to 53p *and* **Kwik Save** *2 more to 224p*, while **J. Sainsbury** softened 5 to 605p and **William Low** lost a couple of pence to 180p.

Among Hotels and Caterers, selling in an unwilling market left **Ladbroke** 6 down at 154p. ***Grand Metropolitan*** *softened* 2 to 218p awaiting today's interim results. Elsewhere, **De Vere** touched a 1982 peak of 205p before closing 2 dearer on balance at 202p.

Dalgety dull

Dalgety took a distinct turn for the worse in miscellaneous industrials, falling to 292p before closing a net 15 down at 295p on a broker's circular. **BTR** also became vulnerable to late selling and finished 18 down at 340p. End-Account profit-taking clipped 7 from **British Aerospace**, 209p, while **Foseco Minsep** lost a similar amount to 197p. **Camrex**, at 52p, lost 5 of the previous day's speculative rise of 6 after Hawley Group announced that it has no intention of making a full-scale bid for the company after having increased its stake to more than 20 per cent. Lower annual earnings prompted a reaction of 2 to 47p in **Holt Lloyd International**, while **Hawkins and Tipson** eased the turn to 22p on the increased interim deficit. Among the leaders, **Glaxo**, which have risen sharply this week on hopes that its Zantac anti-ulcer drug might soon receive U.S. approval, dipped 7 to 667p, after 666p, on end-Account profit-taking. **Turner and Newall** closed 4 down at 64p.

Down 18½ on Monday on the Court decision not to allow the company to resume gaming at the Playboy Club in London, **Trident TV** jumped 9 to 71p on the granting of a licence for the Claremont Club. Among other Leisure issues, **Pleasurama** gained 15 to 235p, but **Nimslo**, also a thin market, shed that much, to 185p.

Recently firm on hopes of increased Government spending, aerospace issues met light profit-taking; **Dowty** lost 4 to 128p. Among Motor Components, **Kwik-Fit (Tyres and Exhausts)** put on 4 to 50p in response to better-than-expected results and the Board's optimistic statement on current trading.

Jefferson Smurfit, *at 59p, lost* all of the previous day's gain of 4 on second thoughts about the preliminary results. **British Printing** shed 1½ to 35½p, while **More O'Ferrall** gave up 9 to 125p. Dealings in **Woodrow Wyatt** were suspended at 7p at the company's request pending clarification of the company's position.

Properties turned quietly dull. Elsewhere, **Apex** declined 5 to a 1982 low of 113p, while **Warner Estate** *softened* a couple of pence to 303p, the latter following the interim results. Against the trend, **C. H. Beazer** found support and improved 3 to 158p, while **Five Oaks Investments** *added 2 to 23½p on an investment recommendation.*

Ultramar react

Sentiment in Oils was not helped by the disappointing first-quarter results and bearish statement from **Ultramar** which reacted 22 to 438p. The leaders turned cautious after the announcement. **British Petroleum** and **Shell** both closing 4 cheaper at 314p and 416p respectively. **Burmah** lost 5 to 140p and **Tricentrol** 8 to 212p, while **Lasmo** slipped to 335p before settling 5 cheaper on balance at 340p. The Humbly Grove participants met profit-taking; **Carless Capel** relinquished 4 to 170p with the new nil-paid shares 7 down at 35p premium, while **Candecca** shed 4 to 206p and **Marinex** 5 to 100p. Elsewhere, **Ranger Oil**, a strong market recently on Transatlantic influences, gave up 8 to 352p.

Among money brokers, **Exco International** revived with a rise of 10 to 195p, but **R. P. Martin** encountered sporadic offerings and gave up 7 to 280p.

Profit-taking in the wake of the excellent annual results left **Coats Patons** 3 down at 67p. **Courtaulds**, preliminary results due on May 27, eased a penny to 94p. Elsewhere in the Textile sector, demand in a thin market lifted **Yorklyde** 13 to 293p. **Lister** improved 2 to 30p.

Tobaccos gave modest ground in thin trading, **Bats** losing 7 to 455p and **Imperial** a penny to 97p. After Wednesday's speculative gain of 4, **Rothmans** met profit-taking and shed 3 to 98p.

South African industrials were featured by renewed weakness in **Greatermans Stores A**, which plummeted 40 more to 230p as the market awaited further developments in the wake of the Supreme Court's decision to veto Kirsch Industries' partial bid; the shares have been as high as 630p this year. Meanwhile, **Barlow Rand** fell 19 to 343p following the interim results.

Western Mining weak

Recently firm Australians sustained sizable losses in active trading following a sharp setback in overnight Sydney and Melbourne markets.

The weakness reflected substantial profit-taking after the heavy Hong Kong and Singapore buying in recent days coupled with dismay over news that Esso Exploration and Production Australia—a subsidiary of Exxon—is pulling out of the Yeelirrie uranium project in Western Australia.

Western Mining, which has a 75 per cent interest in Yeelirrie, were heavily sold at the outset and dropped to 215p prior to closing a net 19 down at 218p.

Other leading issues were marked lower in sympathy. **MIM Holdings** gave up 13 to 187p, **CSR** 12 to 193p, **Peko-Wallsend** 10 to 270p and **CRA** 4 to 188p.

In Coals, **Oakbridge** receded 5 to 80p while Uraniums showed **Pancontinental** 4 cheaper at 100p.

Elsewhere, **Seltrust A** dipped 2 more to 48p reflecting disappointment with the terms of the capital restructuring.

South African Golds made further modest progress as the bullion price held above the $330 level before closing 12½ cents up at $332.125 an ounce.

Renewed bear covering enabled the heavyweights to improve by up to ⅞, as in **Driefontein**, £10¼, and **Libanon**, £12⅜, while medium- and lower-priced issues showed **Blyvoor** 10 up at 458p and **Harmony** 8 firmer at 496p. The Gold Mines index moved up 2 points more to 231.8.

South African Financials showed little change either way as did London-registered stocks. In Platinums, **Impala** advanced 8 to 228p, while, among Coppers, **Messina** held at 230p following the half-year results.

Imperial again claimed most of the attention in the Traded Option market yesterday. Of the 2,892 deals completed, 2,026 were done in Imps, comprising 1,941 calls and 85 puts.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 10	May 21	Aug 12	Aug 23
May 24	June 11	Sept 2	Sept 13
June 14	June 25	Sept 16	Sept 27

For rate indications see end of Share Information Service

Money was given for the call of **Premier Consolidated, Inter-City, Trident TV A, Rothmans, Land Securities, MEPC, British Land, William Low, Turriff, Imperial Group, Tozer Kemsley, Hawley Leisure, Marinex** and **ICL**. Puts were arranged in **Wm. Low, Turriff, Imperial Group** and **Chloride**, while double options were transacted in **Ultramar, Standard Chartered** and **Imperial Group**.

FINANCIAL TIMES STOCK INDICES

	May 13	May 12	May 11	May 10	May 7	May 6	A year ago
Government Secs	69.21	69.41	68.94	69.01	68.38	68.28	66.53
Fixed Interest	69.90	69.78	69.37	69.42	68.93	68.92	69.05
Industrial Ord.	585.2	590.9	585.1	590.5	583.3	576.9	558.1
Gold Mines	231.8	229.8	226.0	228.8	231.4	231.2	368.0
Ord. Div. Yield	5.32	5.28	5.33	5.30	5.37	5.42	5.90
Earnings, Yld.%(full)	11.00	11.04	11.15	11.08	11.34	11.52	11.57
P/E Ratio (net) (*)	11.11	11.16	11.05	11.12	11.03	10.85	10.85
Total bargains	15,467	18,212	18,354	18,535	16,517	16,210	20,527
Equity turnover £m.	—	175.45	147.98	148.90	155.50	134.59	125.463
Equity bargains	—	14,804	14,951	14,191	13,205	12,673	15,624

10 am 588.4. 11 am 583.9. Noon 588.6. 1 pm 585.1.
2 pm 584.5. 3 pm 584.5.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.29.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.55 (26/3)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.90 (13/5)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	590.9 (12/5)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	209.2 (9/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	May 12	May 11
—Daily		
Gilt Edged Bargains	183.2	170.6
Equities Bargains	95.9	96.9
Value	354.6	299.1
5-day Avrge.		
Gilt-Edged Bargains	174.6	159.5
Equities Bargains	90.5	87.7
Value	308.2	289.8

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thur May 13 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed May 12 Index No.	Tue May 11 Index No.	Mon May 10 Index No.	Fri May 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	391.60	-0.8	9.31	4.13	13.24	394.80	393.99	396.30	389.88	345.25
2	Building Materials (23)	347.40	-0.1	13.19	5.08	8.92	347.86	347.26	349.38	342.02	308.16
3	Contracting, Construction (28)	631.82	-0.5	13.93	4.87	8.47	634.14	637.80	641.41	629.87	572.86
4	Electricals (31)	1399.18	-0.6	6.68	2.31	19.13	1407.80	1400.55	1411.45	1390.91	1058.42
5	Engineering Contractors (10)	499.78	-0.4	13.22	6.11	9.01	501.89	500.40	501.40	496.87	481.63
6	Mechanical Engineering (67)	204.40	-1.1	11.12	5.66	10.89	206.66	207.36	207.62	203.71	213.97
8	Metals and Metal Forming (11)	168.78	-0.5	10.11	7.03	12.48	169.66	168.90	171.36	169.19	171.36
9	Motors (20)	96.82	-0.9	8.55	7.04	—	97.69	97.27	96.26	95.44	107.08
10	Other Industrial Materials (18)	379.40	-2.5	9.64	5.59	12.67	389.16	387.22	388.14	383.77	367.60
21	CONSUMER GROUP (201)	312.95	-0.5	12.62	5.45	9.61	314.49	311.61	314.86	310.32	288.71
22	Brewers and Distillers (21)	313.65	-0.5	15.05	6.22	8.02	315.26	311.18	317.95	312.13	300.40
25	Food Manufacturing (22)	275.52	-0.6	16.66	6.76	7.04	277.11	276.96	279.95	275.97	256.02
26	Food Retailing (14)	589.49	-0.4	9.61	3.61	12.60	591.85	587.52	595.59	595.11	523.42
27	Health and Household Products (8)	467.37	—	7.41	3.46	15.69	467.46	461.69	460.75	453.84	380.13
29	Leisure (24)	484.33	+0.1	10.01	4.99	12.45	483.96	449.58	452.45	448.83	423.95
32	Newspapers, Publishing (12)	531.60	-0.6	12.97	5.89	9.80	534.95	533.50	532.48	533.83	506.93
33	Packaging and Paper (14)	148.00	-0.5	15.44	7.19	7.53	148.71	149.16	149.58	147.40	148.90
34	Stores (45)	287.91	-0.4	10.34	4.77	12.87	289.12	285.71	287.93	282.85	283.98
35	Textiles (23)	179.87	-1.5	10.05	5.59	12.79	182.62	180.09	181.87	178.24	159.81
36	Tobaccos (3)	339.55	-1.5	21.91	8.10	5.14	344.57	340.85	349.15	342.63	255.16
39	Other Consumer (15)	292.38	-0.2	1.70	5.16	—	293.03	292.53	293.17	290.75	303.32
41	OTHER GROUPS (78)	259.53	-0.9	13.11	6.33	9.19	261.91	259.45	261.43	259.87	235.32
42	Chemicals (16)	340.03	-0.9	13.20	6.80	9.06	343.14	339.25	343.26	341.98	299.80
44	Office Equipment (4)	114.09	-0.4	14.11	7.65	8.63	114.54	115.10	117.19	115.02	117.26
45	Shipping and Transport (13)	576.80	-1.2	19.28	7.15	6.24	583.94	578.37	584.93	583.45	581.16
46	Miscellaneous (45)	336.39	-0.9	11.20	4.98	10.87	339.47	336.21	336.53	331.63	297.38
49	INDUSTRIAL GROUP (487)	332.52	-0.7	11.46	5.05	10.63	334.73	332.53	335.24	330.49	296.69
51	Oils (13)	742.67	-1.4	21.51	7.83	5.32	753.04	741.53	750.02	750.80	835.95
59	500 SHARE INDEX	365.91	-0.8	13.05	5.50	9.15	368.77	365.83	369.01	364.62	339.46
61	FINANCIAL GROUP (117)	250.75	-0.7	—	6.57	—	252.63	250.92	252.16	251.26	253.83
62	Banks (6)	269.33	-1.2	38.87	7.90	2.82	272.67	267.63	269.24	268.68	254.34
63	Discount Houses (9)	238.63	+0.9	—	9.45	—	236.52	236.16	230.79	224.82	209.89
65	Insurance (Life) (9)	266.30	-0.7	—	6.67	—	268.08	269.20	269.83	260.18	247.71
66	Insurance (Composite) (10)	156.99	-1.2	—	9.82	—	158.96	158.26	157.34	155.65	162.31
67	Insurance Brokers (7)	492.31	-0.8	11.24	5.17	12.07	496.51	494.10	494.86	492.59	377.56
68	Merchant Banks (12)	148.22	-0.1	—	5.72	—	148.32	147.80	148.52	147.07	154.47
69	Property (49)	427.81	-0.6	5.02	3.57	26.64	430.43	428.26	433.47	434.24	408.55
70	Other Financial (15)	175.11	+1.2	17.98	6.52	6.43	173.09	173.38	175.60	174.58	170.50
71	Investment Trusts (112)	305.49	—	—	5.29	—	305.55	304.24	304.90	301.07	304.67
81	Mining Finance (4)	209.42	—	14.91	6.73	8.40	209.42	210.02	214.78	214.80	259.95
91	Overseas Traders (17)	367.50	-1.0	14.25	8.65	8.57	371.06	375.23	374.67	374.83	479.89
99	ALL-SHARE INDEX (750)	335.87	-0.7	—	5.74	—	338.28	335.89	338.53	335.06	321.57

FIXED INTEREST

	PRICE INDICES	Thur May 13	Day's change %	Wed May 12	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	111.53	-0.13	111.76	0.09	4.61
2	5-15 years	112.06	-0.25	112.34	—	4.43
3	Over 15 years	115.12	-0.32	115.49	—	5.22
4	Irredeemables	119.26	-0.27	119.58	—	4.07
5	All Stocks	112.57	-0.23	112.89	0.03	4.72
6	Debentures & Loans	88.38	+0.15	88.25	—	3.96
7	Preference	64.41	+0.04	64.38	—	2.75

	AVERAGE GROSS REDEMPTION YIELDS		Thur May 13	Wed May 12	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.44	11.45	12.12
2		15 years	12.63	12.61	12.79
3		25 years	12.63	12.58	12.92
4	Medium Coupons	5 years	13.86	13.78	14.81
5		15 years	13.68	13.63	14.49
6		25 years	13.24	13.19	14.10
7	High Coupons	5 years	13.75	13.65	13.96
8		15 years	13.87	13.82	14.67
9		25 years	13.32	13.27	14.30
10	Irredeemables†		12.26	12.23	12.28
11	Debs & Loans	5 years	14.75	14.75	14.88
12		15 years	14.63	14.66	14.93
13		25 years	14.54	14.60	14.93
14	Preference†		15.37	15.38	14.78

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (65)

BRITISH FUNDS (3)
Exch 9¼pc 1982 — Treas 3pc 1987
Treas 3pc 1986

BANKS (3)
King and Shaxson — Minster Assets
Mercury Securities

BEERS (2)
Amal Dist Products — Vaux

BUILDINGS (9)
Bryant Hldgs — Mixconcrete
Countryside — Tarmac
Francis Parker — Tilbury Group
May and Hassell — Whatlings
Miller (Stanley)

CHEMICALS (2)
Allied Colloids — Amersham Intnl

STORES (5)
Brown (N.) — S and U Stores
Church — Smith (W. H.) A
MFI Furniture

ELECTRICALS (5)
CASE — Whitworth Elec
Feedback — Wholesale Fittings
Humberside

ENGINEERING (7)
Beauford — Pegler-Hattersley
Chemring — Senior Eng
Ductile Steels — Yarrow
Martonair

HOTELS (1)
De Vere Hotels

INDUSTRIALS (16)
Beecham — Metal Closures
Boot (Henry) — Nolton
Dentsply 9pcCnv — PH Inds
Extel — Parker-Knoll A
Flexello — Reckitt and Colman
Hepworth Ceramic — Sparrow (G. W.)
Jardine Matheson — Standard Fireworks
Macfarlane — Watsham's

LEISURE (1)
Pleasurama

MOTORS (1)
Brit Car Auction

PAPER (1)
Good Relations

PROPERTY (1)
Beazer (C. H.)

TEXTILES (1)
Yorklyde

TRUSTS (6)
Gen and Comm — TR Australia
Leda Inv Cap — TR North America
Moorgate Inv — Young Cos Inv

OVERSEAS TRADERS (1)
Steel Brothers

NEW LOWS (34)

CANADIANS (1)
Bank of Nova Scotia

BANKS (1)
Bank Leumi

STORES (1)
Bambers

ELECTRICALS (1)
Plezo El Products

ENGINEERING (3)
Bristol Channel — Telfos
Moss Eng

INDUSTRIALS (4)
De La Rue — Nu-Swift
Esperanza Intl — Scapa Group

INSURANCE (2)
Edinburgh Gen Ins — Trade Indemnity

MOTORS (2)
Appleyard — Jessups

PAPER (1)
More O'Ferrall

PROPERTY (7)
Apex Props — Regional Prop
Centrovincial — Utd Real
Country New Town — Warnford
Malborough

SHIPPING (1)
Lndn Ovseas Freighters

SOUTH AFRICANS (1)
Greatermans A

TRUSTS (2)
Martin (R. P.) — Mexico Fund

OIL AND GAS (3)
Collins (K.) — KCA Drilling
Credo Pet

OVERSEAS TRADERS (1)
Crosby House

RUBBERS (1)
Bertam

MINES (2)
Kitchener — Pacific Copper

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	7	69	17
Corpns. Dom & Foreign Bonds	1	2	72
Industrials	164	294	888
Financial & Props.	89	97	321
Oils	9	47	51
Plantations	4	2	17
Mines	29	41	89
Others	38	52	61
Totals	341	604	1,516

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times Covered	Gross Yield	P.E. Ratio
140	F.P.	14/5	170	140	AIM Group 10p	170	+1	bd5.75	1.9	4.8	15.3
15	F.P.	16/4	30	19	Cambrian & Gen.7½p	30	......	—	—	—	—
§105	F.P.	21/5	109	105	✠Cass Group 10p	107	......	ud2.5	2.8	3.3	15.4
§260	F.P.	4/6	375	293	✠Cont. Microwave	370	......	65.25	3.9	2.0	18.7
60	F.P.	28/5	62	60	✠DeBrett(Andre) 10p	60	−1	b2.5	2.1	6.0	11.4
§102	F.P.	—	135	122	*Dew (George)*	127	......	g5.7	4.0	6.4	5.6
§130	F.P.	28/5	148	140	✠Druck Hldgs.	148	......	b2.3	2.5	2.2	25.7
—	—	—	17	10	ΔGr'p Inv Option Crts	16	−1	—	—	—	—
§250	F.P.	14/3	250	245	✠Io Technology	247	......				
‡‡	F.P.	—	275	267	✠Jebsens Drilling	265	......	b17.5	2.3	9.4	6.5
§120	F.P.	7/6	134	120	✠Leisure Inds.	122	......	b5.0	2.8	5.9	8.3
‡‡	F.P.	—	30	30	Osprey Assets	30	......	F1.4	—	6.7	—
136	F.P.	13/5	141	134	Standard Secs.	134	−2	b2.8	1.2	3.0	40.3
¶¶	F.P.	—	90	70	Zambia Cons Cpr 18K	70	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
§99.383	£25	14/7	25	21½	Cred. Foncier de France 14⅜% Lon. 2007	24¼	......
¶100	£10	1/7	12¼	11½	East Anglia Water 9% Red. Prf. 1987	12¼	......
**	F.P.	—	136	136	First Nat. 12½pc Conv. Uns. Ln. 1987	136	......
¶100	F.P.	—	47	39	Grt. N'rth'n Inv. 4pc Net Cum. Prf. £1	47	−8
¶100	F.P.	—	46	45	Do. 4.7pc Net Cum. Prf. £1	46	+1
§100	F.P.	—	100⅝	99⅝	Nationwide Bdg. Soc. 14¼% (14/3/83)	100¼	......
§100	F.P.	—	100½	99⅝	Do. 14¼% (4/4/83)	100¼	......
§100	F.P.	—	100⅞	100₁⁄₁₆	Do. 14¾% (25/4/83)	100¾	......
‖107	F.P.	29/4	113½	109½	Queens Moat 10½% Cnv. '89-91	113½	......

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or −
10	F.P.	27/4	28/5	13¾	13	Ansbacher (H.) 5p	11½	......
170	F.P.	13/5	24/6	190	180	Bank Leumi (UK) £1	185	......
125	F.P.	21/4	28/5	158	135	Beazer (C. H.) 10p	158	+3
A$1	Nil	24/5	7/6	16½pm	3½pm	Bond Corp.	9½pm	......
135	Nil	—	—	44pm	35pm	Carless Capel 10p	35pm	−7
30	F.P.	29/3	10/5	60	50	First Castle 10p	57	+1
20	F.P.	30/4	28/5	86	42	Fisher (A.)	42	......
5	F.P.	10/5	21/6	6	5	Grovebell (5p)	5½	+½
500	Nil	20/5	18/6	90pm	80pm	Hammerson Prop.	80pm	......
500	Nil	—	—	75pm	35pm	Do. A	35pm	−5
120	F.P.	7/5	4/6	169	144	Lilley (F.J.C.)	169	+1
145	F.P.	12/5	7/6	187	176	Low (Wm.) 20p	182	......
18	Nil	21/5	4/6	14pm	4pm	North Kalgurli	4pm	−2
6	F.P.	19/4	21/5	8	6½	Platignum 5p	7½	......
27	F.P.	29/4	27/5	29½	26½	Queens Moat	29	......
98	F.P.	16/4	4/6	107	99	Riley Leisure	106	......
170	F.P.	14/5	11/6	284	272	Steel Bros.	227	......
10	F.P.	24/3	23/4	12½	10½	Sturla 10p	12	......
133	F.P.	10/5	10/6	160	146	Vickers (£1)	153	−5

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Φ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." **Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, *merger or take-over.* ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bambers Stores	27	− 5	Ladbroke	154	− 6
Barclays Bank	460	− 8	Plessey	422	− 6
BP	314	− 4	Shell Transport	416	− 4
Coats Patons	67	− 3	Trident TV A	71	+ 9
Dalgety	295	−15	Ultramar	438	−22
Hepworth (J.)	104	+ 4	Western Mining	218	−19

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
Coats Patons	13	70	+ 4	Heath (C. E.)	11	345	−13
GEC	13	893	+ 5	Midland Bk	11	332	+ 7
BAT Inds	12	462	+ 4	NatWest Bk	11	422	+ 6
Cable & Wire	12	281	+ 6	Racal Elec	11	423	+ 5
Lloyds Bank	12	410	+10	Royal Ins	11	348	+ 3
P. & O. Dfd	12	151	+ 1	Thorn EMI	11	440	+ 8
Plessey	12	428	+ 5	Barclays Bk	10	468	+ 8

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 12, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	68.25
Albania	Lek	5.4757
Algeria	Dinar	4.54
Andorra	Fr. Franc	5.918
	Sp. Peseta	101.23
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.7025
Argentina	Peso (f) (2)	14025.
Australia	Dollar	0.9368
Austria	Schilling	15.995
Azores	Port. Escudo	69.47
Bahamas	Dollar	1.00
Bahrain	Dinar	0.377
Balearic Is.	Sp. Peseta	101.23
Bangladesh	Taka	20.715
Barbados	Dollar	2.01
Belgium	Franc (C)	42.87
	Franc (F)	46.83
Belize	Dollar	2.00
Benin	C.F.A. Franc	295.90
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.2166
Bolivia	Peso	44.00
Botswana	Pula	0.9623
Brazil	Cruzeiro	157.965
Brunei	Dollar	2.075
Bulgaria	Lev	0.942
Burma	Kyat	6.4516
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	295.90
Canada	Dollar	1.2311
Canary Is.	Sp. Peseta	101.23
Cape Verde Is.	Escudo	54.70
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	295.90
Chad	C.F.A. Franc	295.90
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.7941
Colombia	Peso (O)	62.37
Comoros	C.F.A. Franc	295.90
CongoP'ple.Rep.of	C.F.A. Franc	295.90
Costa Rica	Colon (O)	8.60
	Colon	38.09
Cuba	Peso	0.8244
Cyprus	Pound*	2.1868
Czechoslovakia	Koruna (O)	5.85
Denmark	Krone	7.6887
Djibouti Rp. of	Franc	177.72
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O)	25.00
	Sucre (F)	44.505
Egypt	Pound* (O)	1.1976
	Pound* (1)	1.2151
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	202.46
Ethiopia	Birr (O)	2.0351
Faeroe Is.	Dan. Krone	7.6887
Falkland Is.	Pound*	1.8445
Fiji	Dollar	0.9054
Finland	Markka	4.442
France	Franc	5.918
Fr. C'ty in Af.	C.F.A. Franc	295.90
Fr. Guiana	Franc	5.918
Fr. Pac. Is.	C.F.P. Franc	103.009
Gabon	C.F.A. Franc	295.90
Gambia	Dalasi	2.1686
Germany (E)	Ostmark (O)	2.2696
Germany (W)	Mark	2.2696
Ghana	Cedi	2.75
Gibraltar	Pound*	1.8445
Greece	Drachma	61.55
Greenland	Dan. Krone	7.6887
Grenada	E. Caribbean $	2.7025
Guadaloupe	Franc	5.918
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	38.4127
Guinea Rep.	Syli	21.5507
Guyana	Dollar	2.9846
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.761
Hungary	Forint	34.9827
Iceland	Krona	10.4613
India	Rupee	9.2166
Indonesia	Rupiah	652.50
Iran	Rial (O)	82.92
Iraq	Dinar	0.2953
Irish Rep	Punt*	1.525
Israel	Shekel	20.82
Italy	Lira	1259.95
Ivory Coast	C.F.A. Franc	295.90
Jamaica	Dollar	1.786
Japan	Yen	231.65
Jordan	Dinar	0.341
Kampuchea	Riel	n.a.
Kenya	Shilling	10.4248
Kiribati	Aust. Dollar	0.9368
Korea (Nth)	Won	0.94
Korea (Sth)	Won	718.30
Kuwait	Dinar	0.2851
Lao P'ple D. Rep	Kip	10.00
Lebanon	Pound	4.9565
Lesotho	Loti	1.0523
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	1.9065
Luxembourg	Lux Franc	42.87
Macao	Pataca	5.9886
Madagascar D. R.	Franc	295.90
Madeira	Port. Escudo	69.47
Malawi	Kwacha (5)	1.1124
Malaysia	Ringgit	2.2765
Maldive Is.	Rufiyaa (O)	3.93
	Rufiyaa (M)	7.55
Mali Rp.	Franc	591.80
Malta	Pound*	2.5354
Martinique	Franc	5.918
Mauritania	Ouguiya	51.29
Mauritius	Rupee	10.9127
Mexico	Peso	46.65
Miquelon	Fr. Franc	5.918
Monaco	Fr. Franc	5.918
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.7448
Mozambique	Metica	29.3575
Namibia	S.A. Rand	1.0523
Nauru Is.	Aust. Dollar	0.9368
Nepal	Rupee	13.20
Netherlands	Guilder	2.5245
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.2879
Nicaragua	Cordoba	10.05
Niger Rp.	C.F.A. Franc	295.90
Nigeria	Naira (O)	0.656
Norway	Krone	5.881
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	11.5078
Panama	Balboa	1.00
Papua N.G.	Kina	0.7143
Paraguay	Guarani	126.00
Peru	Sol	612.73
Philippines	Peso	8.403
Pitcairn Is.	N.Z. Dollar	1.2879
Poland	Zloty (O)	80.00
Portugal	Escudo	59.47
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	5.918
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.8445
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.918
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	0.8772
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1259.95
Sao Tome & Principe DR	Dobra	39.504
Saudi Arabia	Riyal	3.4305
Senegal	C.F.A. Franc	295.90
Seychelles	Rupee	7.2632
Sierra Leone	Leone	1.1934
Singapore	Dollar	2.075
Solomon Is.	Dollar	0.9074
Somali Rep.	Shilling (3)	6.35
	Shilling (4)	12.46
South Africa	Rand	1.0523
Spain	*Peseta*	*101.23*
Span. Ports in N. Africa	Sp. Peseta	101.23
Sri Lanka	Rupee	20.68
Sudan Rep.	Pound* (1)	1.1111
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.0523
Sweden	Krone	5.7097
Switzerland	Franc	1.9065
Syria	Pound	3.925
Taiwan	Dollar (O)	38.18
Tanzania	Shilling	9.0268
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	295.90
Tonga Is.	Pa'anga	0.9358
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.5557
Turkey	Lira	147.30
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.9368
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	3.6731
Utd. Kingdom	Pound Sterling*	1.8445
Upper Volta	C.F.A. Franc	295.90
Uruguay	Peso	12.20
U.S.S.R.	Rouble	0.7657
Vanuatu	Vatu	95.6444
	Aust. Dollar	0.9368
Vatican	Lira	1259.95
Venezuela	Bolivar	4.2987
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.5605
Yemen PDR	Dinar	0.3453
Yugoslavia	Dinar	45.2057
Zaire Rp.	Zaire	5.543
Zambia	Kwacha	0.8942
Zimbabwe	Dollar	0.7353

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate.
(1) Egypt—Floating rate fixed daily by Central Bank of Egypt for Importers, Exporters, Tourists. (2) Argentina—devalued by approx. 17 per cent 5/5/82. (3) Somali: Parallel exchange rates introduced July 1—for essential imports (4) Somali: Exports and Non-Essential Imports and Transfers. (5) Malawi—devalued 26/4/82.

CURRENCIES and MONEY

Dollar firm

Dollar gained ground in late trading as higher U.S. interest rates boosted demand for the currency in New York and Chicago. A firmer trend in Euro-dollar rates helped to support the dollar throughout the day, although European central banks may have intervened in the morning to push down the U.S. unit.

Sterling was slightly weaker in general, and in common with other European currencies retreated against the dollar, but showed no reaction to the present Falklands situation.

DOLLAR — Trade-weighted index (Bank of England) 112.4 against 111.8 on Wednesday, and 107.0 six months ago. Three-month Treasury bills 12.44 per cent (10.50 per cent six months ago). Annual inflation 6.8 per cent (7.7 per cent previous month) — The dollar rose to DM 2.2955 from DM 2.2805 against the D-mark; to FFr 5.9925 from FFr 5.9525 against the French franc; to SwFr 1.9380 from SwFr 1.9225 in terms of the Swiss franc; and to Y235.25 from Y233.50 against the Japanese yen.

STERLING — Trade-weighted index 90.4 against 90.6 at noon, 90.5 in the morning, 90.4 at the previous close, and 90.7 six months ago. Three-month interbank 13 9/16 per cent (14 11/16 per cent six months ago). Annual inflation 10.4 per cent (11 per cent previous month) — The pound fell 1.45 cents to $1.8235-1.8245, after touching a low of $1.8220-1.8235 in the afternoon following good demand for the dollar in U.S. markets. Sterling opened at $1.8350-1.8360, and rose to $1.8370-1.8380 in the morning. It fell to DM 4.19 from DM 4.1950, and to FFr 10.9250 from FFr 10.94, but rose to SwFr 3.5375 from SwFr 3.5350, and was unchanged at Y429.50.

D-MARK — EMS member (strongest). Trade-weighted index 125.4 against 125.5 on Wednesday, and 123.3 six months ago. Three-month interbank 9.125 per cent (11.30 per cent six months ago). Annual inflation 5 per cent (5.2 per cent previous month)—The D-mark gained ground against nearly all major currencies, except the dollar and sterling at the Frankfurt fixing. Expectations of a rise in this week's U.S. money supply figures pushed up the dollar to DM 2.2939 from DM 2.2765, and the pound improved to DM 4.2090 from DM 4.1960. The Swiss franc fell to DM 1.1834 from DM 1.1921, and the Japanese yen to DM 9.795 per 1,000 yen from Y9.805. Within the EMS the guilder declined to DM 89.96 per 100 guilders from DM 89.965, and the French franc to DM 38.31 per 100 francs from DM 38.35.

ITALIAN LIRA—EMS member (weakest). Trade-weighted index 54.4 against 54.5 on Wednesday and 56.1 six months ago. Three-month interbank 20 11/16 per cent (22 per cent six months ago). Annual inflation 15.5 per cent (16.1 per cent previous month) —The lira weakened against major currencies at the Milan fixing, with the dollar particularly firm. The U.S. unit rose to L1,273.55 from L1,265.30, while the D-mark moved near a record high, after showing a downward trend earlier in the day. The German currency eased to L554.75 in the morning, but recovered to L555.66 from L555.12 at the fixing. The Dutch guilder also rose slightly to L499.73 from L499.30, and the French franc to L213 from L212.76.

JAPANESE YEN — Trade-weighted index 138.3 against 139.0 on Wednesday, and 139.2 six months ago. Three-month bills 7.15625 per cent (7.40625 per cent six months ago). Annual inflation 2.8 per cent (3.1 per cent previous month)—The yen lost ground to the dollar in modest Tokyo trading. The market was nervous and quiet on the lack of new factors, awaiting today's release of the U.S. money supply figures. These are expected to show a small increase. The dollar rose to Y234.15 from Y231.82½, after opening at Y234.30, and moving within a range of Y233.90 to Y234.70.

THE POUND SPOT AND FORWARD

May 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8220-1.8380	1.8235-1.8245	0.27-0.37c dis	−2.10	0.72-0.82dis	−1.69
Canada	2.2570-2.2800	2.2580-2.2590	0.65-0.75c dis	−3.72	1.50-1.60dis	−2.74
Nethlnd.	4.64½-4.69½	4.65-4.66	1⅝-1¼c pm	3.87	4⅞-4⅜ pm	3.97
Belgium	79.00-79.75	79.05-79.15	22-32c dis	−4.10	65-75 dis	−3.54
Denmark	14.17-14.29	14.18-14.19	9¼-10¼ore dis	−8.19	21½-22⅞dis	−6.26
Ireland	1.2080-1.2190	1.2090-1.2100	0.63-0.74p dis	−6.80	1.86-2.03dis	−6.43
W. Ger.	4.17½-4.22½	4.18½-4.19½	1⅞-1⅝pf pm	4.65	4¾-4⅝ pm	4.29
Portugal	127.00-128.75	127.25-127.75	110-395c dis	−23.78	325-1015dis	−21.02
Spain	186.10-187.70	186.15-186.35	65-85c dis	−4.83	220-255dis	−5.10
Italy	2,322-2,339	2,323-2,325	21-24 lire dis	−11.62	64-67 dis	−11.27
Norway	10.81-10.89	10.82-10.83	5½-6½ore dis	−6.65	12⅝-13⅞dis	−4.92
France	10.91-10.99	10.92-10.93	8¼-10¼c dis	−10.16	25-27 dis	−9.52
Sweden	10.49-10.56	10.49½-10.50½	½ore pm-½ dis	—	¾-½ pm	0.17
Japan	427-433	429-430	2.30-2.00y pm	6.01	6.45-6.15 pm	5.87
Austria	29.45-29.70	29.47-29.52	13⅜-10½gro pm	4.93	33½-27 pm	4.10
Switz.	3.52½-3.57½	3.53¼-3.54¼	3⅝-3⅛c pm	11.45	8⅞-8⅜ pm	9.75

Belgian rate is for convertible francs. Financial franc 87.20-87.30. Six-month forward dollar 1.28-1.38c dis, 12-month 2.10-2.30c dis.

THE DOLLAR SPOT AND FORWARD

May 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8220-1.8380	1.8235-1.8245	0.27-0.37c dis	−2.10	0.72-0.82dis	−1.69
Ireland†	1.5060-1.5110	1.5080-1.5075	0.62-0.54c pm	4.61	1.85-1.70 pm	4.71
Canada	1.2380-1.2445	1.2380-1.2385	0.15-0.18c dis	−1.60	0.35-0.39dis	−1.19
Nethlnd.	2.5455-2.5520	2.5490-2.5520	1.38-1.28c pm	6.26	3.75-3.65 pm	5.80
Belgium	43.24-43.37	43.35-43.37	9-13c dis	−3.04	21-25 dis	−2.12
Denmark	7.7410-7.7800	7.7720-7.7750	3½-3¾ore dis	−5.59	8½-9 dis	−4.50
W. Ger.	2.2840-2.2970	2.2950-2.2960	1.30-1.25pf pm	6.66	3.45-3.40 pm	5.97
Portugal	69.50-70.30	69.80-70.00	50-200c dis	−21.45	150-525dis	−19.31
Spain	102.05-102.35	102.20-102.30	20-28c dis	−2.82	80-95 dis	−3.42
Italy	1,271½-1,275¾	1,273¾-1,274¾	9½-11 lire dis	−9.65	29-31 dis	−9.42
Norway	5.9060-5.9400	5.9375-5.9385	2.10-2.50ore dis	−4.66	4.60-5.00dis	−3.24
France	5.9725-5.9975	5.9900-5.9950	4.40-4.90c dis	−9.32	12-13 dis	−8.35
Sweden	5.7290-5.7590	5.7560-5.7580	1.20-1.05ore pm	2.35	2.75-2.60 pm	1.86
Japan	233.85-235.50	235.20-235.30	1.67-1.59y pm	8.31	4.50-4.40 pm	7.57
Austria	16.12-16.18	16.14½-16.15½	10⅛-9gro pm	7.14	25-22 pm	5.81
Switz.	1.9300-1.9450	1.9376-1.9385	2.17-2.09c pm	13.19	5.56-5.48 pm	11.39

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

May 13	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.4	−33.1
U.S. dollar	112.4	+5.9
Canadian dollar	86.5	−19.2
Austrian schilling	118.7	+26.4
Belgian franc	96.0	−1.4
Danish kroner	85.2	−12.2
Deutsche mark	126.4	+46.6
Swiss franc	148.1	+97.1
Guilder	115.7	+21.9
French franc	79.9	−14.5
Lira	54.4	−68.2
Yen	138.3	+32.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

May 13	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.620958	0.567733
U.S. $	12	1.13952	1.04049
Canadian $	16.16	—*	1.29436
Austria Sch.	6½	18.4192	16.8090
Belgian F.	14	49.3640	45.0764
Danish Kr.	11	8.86262	8.08717
D mark	7½	2.61394	2.38531
Guilder	8	2.90635	2.65272
French Fr.	9½	6.81453	6.22470
Lira	19	1451.18	1324.54
Yen	5½	267.331	243.858
Norwgn. Kr.	9	6.74824	6.15863
Spanish Pts.	8	116.392	106.317
Swedish Kr.	10	6.53857	5.97447
Swiss Fr.	5½	2.20839	2.01646
Greek Dr'ch.	20½	71.1117	64.9515

*C$/SDR rate for May 12: 1.41807.

OTHER CURRENCIES

May 13	£	$		£ Note Rates
Argentina Peso	26,610-26,650†	14,000-14,050†	Austria	29.45-29.75
Australia Dollar	1.7155-1.7175	0.9410-0.9415	Belgium	86.80-87.80
Brazil Cruzeiro	288.25-289.25	157.57-158.36	Denmark	14.21-14.35
Finland Markka	8.156-8.170	4.4750-4.4770	France	10.91-11.01
Greek Drachma	112.001-115.430	62.10-62.30	Germany	4.17½-4.21½
Hong Kong Dollar	10.54-10.55½	5.7650-5.7700	Italy	3295-2350
Iran Rial	148.20*	80.50*	Japan	430-435
Kuwait Dinar (KD)	0.52170-0.52285	0.2854-0.2856	Netherlands	4.65½-4.69½
Luxembourg Fr.	79.05-79.15	43.35-43.37	Norway	10.81-10.91
Malaysia Dollar	4.1920-4.2020	2.2930-2.2960	Portugal	125-132
New Zealand Dlr.	2.3605-2.3645	1.2920-1.2935	Spain	181-190¼
Saudi Arab. Riyal	6.27-6.28	3.4300-3.4310	Sweden	10.50-10.60
Singapore Dollar	3.8190-3.8290	2.0890-2.0920	Switzerland	3.54-3.58
Sth. African Rand	1.9335-1.9350	1.0600-1.0610	United States	1.82-1.84
U.A.E. Dirham	6.7105-6.7205	3.6710-3.6730	Yugoslavia	83½-101

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.0764	+0.85	+1.05	±1.5440
Danish Krone	8.18382	8.08717	−1.18	−0.98	±1.6428
German D-Mark	2.41815	2.38531	−1.36	−1.16	±1.1097
French Franc	6.19564	6.22470	+0.47	+0.67	±1.3743
Dutch Guilder	2.67296	2.65272	−0.76	−0.56	±1.5069
Irish Punt	0.686799	0.689748	+0.43	+0.63	±1.6689
Italian Lira	1305.13	1324.54	+1.49	+1.49	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

For Sterling/ECU rate see CURRENCY RATES table

EXCHANGE CROSS RATES

May 13	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.824	4.190	429.5	10.925	3.538	4.655	2324.	2.259	79.10
U.S. Dollar	0.548	1.	2.297	235.5	5.990	1.939	2.552	1274.	1.238	43.37
Deutshemark	0.239	0.435	1.	102.5	2.607	0.844	1.111	554.7	0.539	18.88
Japanese Yen 1,000	2.328	4.247	9.766	1000.	25.44	8.236	10.84	5411.	5.258	184.2
French Franc 10	0.915	1.670	3.835	393.1	10.	3.238	4.261	2127.	2.067	72.40
Swiss Franc	0.283	0.516	1.184	121.4	3.088	1.	1.316	657.0	0.638	22.36
Dutch Guilder	0.215	0.392	0.900	92.27	2.347	0.760	1.	499.2	0.485	16.99
Italian Lira 1,000	0.430	0.785	1.803	184.8	4.701	1.522	2.003	1000.	0.972	34.04
Canadian Dollar	0.443	0.808	1.856	190.2	4.837	1.566	2.061	1029.	1.	35.02
Belgian Franc 100	1.264	2.306	5.297	543.0	13.81	4.472	5.885	2938.	2.855	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 13)

3 months U.S. dollars	6 months U.S. dollars
bid 14 9/16 offer 14 11/16	bid 14 1/2 offer 14 5/8

The fixing rates are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

May 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	13-13¼	15-15¼	17-18	9⅞-10	½-¾	8 3/16-8 7/16	21-24	18-20	15-17	14⅞-15⅜	6¾-7	20⅞-21¼
7 days' notice	13⅞-13⅛	15⅛-15⅜	17-18	9½-10	¾-1	8 5/16-8 7/16	21-24	21-23¼	17-19	15-15¼	6 11/16-6 15/16	20¾-21⅛
Month	13 7/16-13 9/16	14 15/16-15 1/16	16⅜-16¾	9⅛-9¼	1⅞-2	8 3/16-8 7/16	22½-23½	23¼-24¼	17-18	14 1/16-14 5/16	6⅞-7	21-21⅝
Three months	13 7/16-13 9/16	14½-14¾	15⅝-16	8 15/16-9 1/16	3 1/16-3 3/16	8 5/16-8 7/16	22½-23½	23⅝-24¼	17-17½	14 1/16-14 5/16	6 15/16-7 1/16	20½-20⅞
Six months	13 7/16-13 9/16	14⅜-14⅝	15¼-15⅞	8⅞-9	4-4⅛	8 1/16-8 3/16	21½-22¼	23⅜-24	16-16½	14⅛-14⅝	6 13/16-7 1/16	19-19⅜
One Year	13⅛-13 7/16	14 1/16-14 5/16	15¼-15⅞	8 13/16-9 1/16	4⅜-4½	8⅜-8⅝	19½-20¼	23-24	15¾-16¾	14 1/16-14 3/16	6⅞-7	18-18⅜

SDR linked deposits: one month 13 7/16-13 9/16 per cent; three months 12 13/16-12 15/16 per cent; six months 12⅞-13¼ per cent; one year 12½-12⅞ per cent.

ECU linked deposits: one month 14 1/16-14 7/16 per cent; three months 13 13/16-14 3/16 per cent; six months 13⅝-14 per cent; one year 13⅛-13½ per cent.

Asian $ (closing rates in Singapore): one month 14⅞-15 per cent; three months 14½-14⅝ per cent; six months 14⅜-14½ per cent; one year 14 5/16-14 9/16 per cent. Long-term Eurodollar two years 14⅛-14⅝ per cent; three years 14½-14⅞ per cent; four years 14¾-15 per cent; five years 14⅞-15⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen: others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 14.55-14.65 per cent; three months 14.30-14.40 per cent; six months 14.15-14.25 per cent; one year 14.05-14.15 per cent.

MONEY MARKETS

UK rates little changed

UK clearing bank base lending rate 13 per cent (since March 12)

Interest rates were slightly higher in London yesterday, edging up on news of further military clashes around the Falkland Islands. Market uncertainty was reflected in the flat yield curve shown by most paper out to one year.

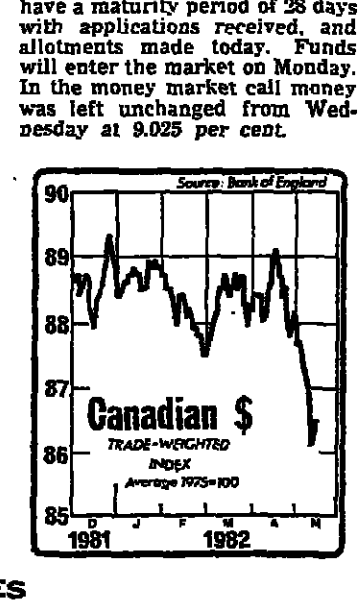
Day to day credit was in short supply in the money market and the Bank of England forecast a shortage of around £350m. Factors affecting the market included bills maturing in official hands and a net take-up of Treasury bills −£222m, Exchequer transactions −£10m and a rise in the note circulation of £30m. During the morning the Bank gave assistance of £108m, making purchases of eligible bank bills, £29m in band 1 (up to 14 days) at 13⅛ per cent, £63m in band 2 (15-33 days) at 13 per cent and in band 3 (34-63 days) £16m at 12⅞ per cent.

The shortage was later revised to £450m before taking into account the morning's operations and the Bank gave additional help of £165m, making a grand total of £273m. The afternoon help was made up of purchases of £10m of local authority bills in band 1 at 13⅛ per cent and £59m of eligible bank bills at 13⅛ per cent. In band 2 it bought £3m of local authority bills and £65m of eligible bank bills 13 per cent. In band 3 it bought £5m of local authority bills and £23m of eligible bank bills all at 12⅞ per cent.

Discount houses were paying between 12 per cent and 13½ per cent for secured call loans while overnight interbank money traded between 13 per cent and 14 per cent.

In New York trading was quiet with the market remaining firm ahead of economic indicators due today. These include the Producers' Price index and weekly money supply figures.

In Frankfurt the Bundesbank announced a further repurchase agreement with a minimum rate of 8.6 per cent. This is compared with 8.9 per cent the last time such a facility was offered. The new repurchase plan will have a maturity period of 28 days with applications received, and allotments made today. Funds will enter the market on Monday. In the money market call money was left unchanged from Wednesday at 9.025 per cent.



EUROCURRENCIES

Swiss franc rates ease

Euro-Swiss franc rates were weaker yesterday, pushing the franc sharply firmer in forward trading. The market was reacting to further cuts in domestic interest rates. The Swiss franc's premium was further strengthened by a rise in Euro-dollar rates and a firmer tendency in Euro-D-mark rates. Euro-dollar rates were higher on an unexpected rise in retail sales figures together with comparatively high Federal fund rates. Consequently the dollar tended to weaken in forward trading. Euro-Dutch guilder rates were firmer, reflecting concern over recent political uncertainty while Belgian franc forward rates showed a smaller discount after Wednesday's weaker trend. Euro-sterling rates were again little changed.

MONEY RATES

NEW YORK

Prime rate	16½
Fed. funds (lunch-time)	14⅞-15¼
Treasury bills (13-week)	12.44
Treasury bills (26-week)	12.48

GERMANY

Lombard	9.00
Overnight rate	9.025
One month	9.225
Three months	9.125
Six months	8.85

FRANCE

Intervention rate	16.0
Overnight rate	16.375
One month	16.1875
Three months	16.1875
Six months	15.3125

JAPAN

Discount rate	5.5
Call (unconditional)	7.28125
Bill discount (three-month)	7.15625

LONDON MONEY RATES

May 13 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13-14	13-13⅛	—	—	13⅛-13¾	12-13¼	—	—	—
2 days notice	—	—	12⅞-13	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13-13⅜	12⅞-13	—	—	13½	12¾-13	—	—	—
One month	13 3/16-13 1/16	13-13 1/16	13	13⅝-13⅜	13½	13⅝-13½	12⅞	13-13 1/16	13-13 1/16	13½
Two months	13⅛-13	13-13 1/16	—	13½-13¼	13⅛	13⅜	12⅝-12¾	12¾	12¾-12 15/16	13¼
Three months	13 1/16-12 15/16	13-13 1/16	13 1/16	13½-13¼	13 1/16	13⅜	12½	12½-12 9/16	12½-12 9/16	13⅛
Six months	13 1/16-12⅞	13-13 1/16	13⅛	12⅝-12⅜	13 1/16	—	—	—	12 11/16-12¼	12¾
Nine months	13 1/16-12⅞	13-13 1/16	—	13⅜-13	13¼	—	—	—	—	—
One year	13 1/16-12⅞	13-13 1/16	13	13¼-13	13¼	—	—	—	—	—
Two years	—	—	13⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13⅞ per cent; four years 14 per cent; five years 14 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 7/16-12½ per cent; four months trade bills 13⅛ per cent.

Approximate selling rates for one month Treasury bills 12 15/16 per cent; two months 12¾-12 11/16 per cent; three months 12 7/16 per cent. Approximate selling rate for one month bank bills 12⅞-12 29/32 per cent; two months 12¾-12 11/16 per cent and three months 12⅝-12½ per cent; one month trade bills 13¼ per cent; two months 13 per cent; three months 12⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from May 1 1982. London and Scottish Clearing Bank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 10-10¼ per cent. Treasury Bills: Average tender rates of discount 12.6180 per cent.

Certificates of Tax Deposit (Series 6) 13½ per cent from March 8. Deposits withdrawn for cash 11 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Property Fund	226.5	238.5		—
Equity Fund	53.2	56.0	+0.1	—
Property Acc.	265.4	279.4		—
Equity Acc.	50.9	53.6	+0.1	—
Selective Fund	150.7	158.7	+0.2	—
Money Fund	165.3	174.1	.....	—
Convertible Fund	177.3	186.7	.....	—
Prop. Fd. Ser. 4	209.2	220.3	.....	—
Equity Ser. 4	56.9	59.9	+0.2	—
Man. Ser. 4	201.3	211.9	+0.4	—
Money Ser. 4	150.0	157.9	.....	—
Conv. Ser. 4	150.1	158.1	.....	—
Fixed Int. Fd. Ser. 4	117.1	123.3	+0.4	—
American Ser. 4	112.6	118.6	.....	—
High Inc. Ser. 4	117.7	123.9	−0.7	—
Indexed Inv. Series 4	95.7	100.8	+0.8	—
Pension Property	315.7	332.4	.....	—
Pension Equity	291.5	306.9	.....	—
Pension Selective	151.6	159.6	+0.2	—
Pension Managed	296.3	311.9	+0.2	—
Pension Security	219.2	230.8	.....	—
Pension Fixed Int.	112.6	118.6	+0.3	—
Pension Indexed Inv.	95.8	100.9	+0.8	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	325.5	342.6	+0.3	—
Fixed Int. Acc.	194.9	205.1	+0.2	—
Gtd. Money Fd. Ac.	155.1	163.3	.....	—
Intl. Man. Fd. Acm.	148.7	156.5	+0.2	—
Intl. Fxd. Int. Fd.	108.2	113.8	−0.8	—
Prop. Fd. Acc.	158.5	166.8	.....	—
M'ple Inv. Acc.	254.2	267.5	+0.3	—
Equity Pen.Fd.Acc.	448.6	472.2	+0.5	—
Fixed I.Pen.Acc.	312.4	328.8	+0.5	—
G'td.Mon.Pen.Acc.	213.9	225.1	.....	—
Intl.Mn.PnFdAcc.	172.5	181.6	+0.6	—
Prop.Pen.Acc.	208.5	219.5	.....	—
M'ple Inv.Pen.Acc.	369.0	388.4	+0.5	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	199.4	210.1	+1.5	—
Money Fd.	142.6	150.1	+0.2	—
Equity Fd.	155.7	164.1	+2.0	—
Fixed Int. Fd.	94.8	99.9	+2.4	—
Property Fd.	152.2	160.4	.....	—
Managed Pen. Fd.	175.3	184.7	.....	—
Equity Pension Fd.	103.2	108.7	.....	—
Fixed Int. Pens. Fd.	123.1	129.7	.....	—
High Yield Pens. Fd.	122.7	129.3	.....	—
Money Pension Fd.	111.7	117.6	.....	—
Property Pension Fd.	110.1	116.0	.....	—
Flexifund	121.5	128.0	.....	—
AMEV/Framlington				
American & Gen. Fd.	142.2	149.8	.....	—
Income Fd.	140.6	148.2	.....	—
Intl. Growth Fd.	154.4	162.7	+0.4	—
Capital Fund	141.6	149.2	−0.3	—

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E7. 01-534 5544

Barclaybonds	173.0	182.2	−0.3	—
Equity	172.5	181.6	−0.3	—
Gilt-edged	132.8	139.8	.....	—
International	108.3	114.1	.....	—
Managed	149.1	157.0	−0.2	—
Money	133.4	140.5	.....	—
Property	175.1	184.4	.....	—
Man.Pens.Accum.	178.5	187.9	.....	—
Do. Initial	154.9	163.1	.....	—
Gilt EdgPens.Acc.	159.3	167.7	.....	—
Do. Initial	133.8	140.9	.....	—
Money Pens. Acc.	160.9	169.4	.....	—
Do. Initial	136.1	143.3	.....	—

Black Horse Life Ass. Co. Ltd.

Crown Life—Continued

St. George Mangd. Fd.	109.1	114.8	.....	—
Lincs & Gen.Fd.	120.5	126.8	.....	—
Sage Fd.	87.4	92.0	.....	—
Heritage Fd.	97.4	102.5	.....	—
DBS Managed	102.6	108.0	.....	—
Crown. Brit. Inv. A		217.2	.....	—
Pens. Mixed. Fd.	147.8	155.1	.....	—
Pens. Mang'd. Acc.	110.2	116.0	.....	—
Pens. Mang'd. Init.	106.7	112.3	.....	—
Pens. Equity Acc.	102.8	108.2	.....	—
Pens. Equity Init.	99.6	104.8	.....	—
Pens. Fxd. Int. Acc.	106.2	111.7	.....	—
Pens. Fxd. Int. Init.	102.7	108.1	.....	—
Pens. Money Acc.	107.3	112.9	.....	—
Pens. Money Init.	104.0	109.4	.....	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N4DJ 488 2325

Growth Prop May 4	100.1	110.1	.....	—
Managed Pens Apr 14	112.11	118.10	.....	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	78.1	81.8	−0.8	6.04

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	188.2	198.1	−0.3	—
Higher Inc. Fund	120.0	126.3	−0.2	—
Property Fund	190.6	200.6	.....	—
Fixed Interest Fund	140.2	147.5	+0.1	—
Index Linked Secs Fnd.	92.7	97.5	+0.3	—
Gtd. Deposit Fund	134.3	141.3	.....	—
Nth. America Fund	108.2	113.8	+0.3	—
Far East Fund	90.5	95.2	+0.6	—
International Fund	102.3	107.7	+0.3	—
Mixed Fund	167.2	176.0	.....	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	178.5	187.8	.....	—
Ind. Pen. Property	141.7	149.1	.....	—
Ind. Pen. Fixed Int.	131.9	138.8	.....	—
Ind. Pen. Indx Lk. Sec.	103.1	108.5	.....	—
Ind. Pen. Overseas	146.5	154.1	.....	—
Ind. Pen. Cash	132.9	139.8	.....	—
Ind. Pen. Balanced	146.9	154.6	.....	—
Ind. Pen. Dep. Admin.	132.6	139.5	.....	—

Prices at April 15. Next settlement May 13.
Group Pension Funds—Prices Available On Request.

Family Assurance Society
68, East Street, Horsham. 0403 50255

Family A. Managed	164.2	167.6	.....	—
Family B. Managed	88.2	90.0	.....	—
Family C. Brit.	73.1	74.6	.....	—
Family D. Fixed Int.	107.0	109.2	.....	—
Family Capital Mngd.	88.1	89.9	.....	—
Family Brit. II	54.1	55.2	.....	—

G.T. Management Ltd.
16, Finsbury Circus, London, EC2M 7DJ.
01-628 8131

G.T. Pnsr. Bond Fund	98.4	103.6	−1.1	—
GT Pln High Yld Fnd.	95.0	100.0	.....	—
GT Plan Far East Fnd	93.2	98.2	.....	—
GT Pln N Am Fund	99.9	105.2	.....	—
GT Pln UK&G.E. Fnd	99.8	105.1	.....	—
GT Pln Wrldwde Fnd.	93.6	98.6	.....	—
GT Pension Bnd Fnd.	97.7	102.9	−1.1	—
GT Pen High Yld Fd.	99.4	104.7	.....	—
GT Pen Far East Fd.	93.8	98.8	.....	—
GT Pen N. Am. Fd.	102.9	108.4	.....	—
GT Pen UK & G.E. Fd.	101.9	107.3	.....	—
GT Pen Worldwide Fd.	93.4	98.4	+0.1	—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	141.7	149.2	.....	—

OFFSHORE AND OVERSEAS

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	39.2	40.8	−0.1	6.60
Chinese Fund	75.8	78.9	.....	9.30
Precious Metal Fund	195.0	202.5	+3	—
Vanguard Undy. Fd.	45.2	45.2	+0.1	—
Financial Futures Fd.	102.9	107.3	.....	—
Wren Intl. Fnd. *	$0.927	0.965	.....	—

NOTES
Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australian

Tins

Copper

Miscellaneous

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	23	+1	—	—	—
16½	13	Burma Mines 10p	23½xd	−½	0.55	ϕ	5.8
130	35	Colby Res. Corp.	55	−5	—	—	—
292	210	Cons. Murch. 10c.	225	......	Q60c	1.9	14.2
8	5½	‡‡Explaura Gold	6	......	—	—	—
105	65	Highwood Res.	75	......	—	—	—
255	165	Northgate C$1	205	......	—	—	—
468	412	R.T.Z.	440	......	16.0	2.1	5.3
£108½	£93½	Do.9⅝%Cv.Ln.'95-2000	£102	−1	Q9½%	30.8	F9.6
28	12	Sabina Inds. C$1	17	......	—	—	—
44	27	‡Southwest C. 10p	39	−1	—	—	—
500	270	Tara Exptn. $1	315	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- ● Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	41	......	IRISH		
Bertrams	17ϕ	......	Conv. 9% '80/82	£96½	......
Bdg'wtr. Est. 50p	412	......	Nat. 9¾% 84/89	£78¾	......
Craig & Rose £1	£32¾	......	Fin. 13% 97/02	£74½	......

OPTIONS

3-month Call Rates

Brit. Aerospace	17	Lucas Inds.	29	Samuel Props.	11
B.A.T.	30	"Mams"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr	12		
Burton Ord.	15	Midland Bank	30	Oils	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	20
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	92	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	31	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	28	Reed Intnl.	26	Ultramar	38
Gen. Electric	55	Sears	6		
Glaxo	42	Tesco	5½	Mines	
Grand Met.	17	Thorn EMI	42	Charter Cons.	25
G.U.S. 'A'	45	Trust Houses	12	Cons. Gold	45
Guardian	25	Tube Invest.	13	Lonrho	7
G.K.N.	15	Turner & Newall	11	Rio T. Zinc	42
Hawker Sidd.	30	Unilever	55		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 37

FINANCIAL TIMES

Friday May 14 1982

EIGHTH OFFSHORE PACKAGE TO BE ANNOUNCED SOON

N. Sea licence auction plan

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is plannings to auction North Sea drilling concessions as part of an offshore licensing package due to be announced within the next few days.

It is understood the Government will ask oil companies to bid for a limited number of licences in the more promising areas of the North Sea. But it will operate the normal discretionary licensing system for the *remaining blocks which will be* offered in various parts of the UK Continental Shelf.

Frontier areas in unexplored deep water and southern North Sea concessions expected to yield natural gas rather than oil will probably also feature in the eighth round of licences.

Details of the new licences, to be formally offered later this summer, are expected to be given by Mr Nigel Lawson, Energy Secretary, in the Commons on Monday. Mr Lawson is due to answer a question tabled by Mr Hugh Dykes (Con., Harrow East).

It is thought the Government has opted for an auction in preference to the system of bonus licences introduced in the last round in 1980-81. Then companies contributed £210m to the Treasury by paying £5m apiece for North Sea licences of their choice.

Mr Lawson may extend this system by inviting companies to bid for their favoured blocks. The Government has two basic options. It can merely award blocks to the highest bidders. Or it can take into account the amount offered, together with other aspects of the bidding companies—such as their nationality, financial status and past record of North Sea work.

The UK Offshore Operators' Association, which represents the oil companies and will probably be consulted about the terms of the eighth round licences, has always opposed the concept of adding cash to the discretionary licensing system. The association argued that it is impossible to put a cash value on various criteria.

The association has also urged the Energy Department to relax the licensing terms for the deep water, frontier areas. Mr George Williams, director general of the association, said last night that while companies might find oil in water depths of 2,000 to 3,000 feet, it could be 20 years before technology was found to exploit such finds.

It is thought that the Government is anxious to include such frontier areas in its licensed blocks in order to obtain further information about the country's oil-producing potential.

The Government is believed to be aiming for an eighth round roughly on the scale of the seventh, in which 91 blocks were awarded—the highest number since the fourth round in 1971-72. The fourth round is the only one so far to have incorporated the auction system. Some £37m was raised through the experimental auctioning of 15 blocks.

The eighth round will be an acid test of the oil industry's confidence in the North Sea. Companies are complaining bitterly that oil taxation is too high and that the small fields which are likely to be found in the future will be uneconomic to develop.

But Mr Williams said companies would continue to bid for exploration acreage, irrespective of the tax system. They would bid in the hope that financial conditions would become more favourable.

Exploration slackens, Page 9

Open tender for computer contract likely

BY ELINOR GOODMAN AND GUY DE JONQUIERES

A PLAN to put to open tender a multi-million-pound order for computers for the Driver *Vehicle Licensing Centre*, Swansea, is expected to be announced soon by the Government. The decision is still subject to final review.

It would enable foreign computer-makers like International Business Machines to compete directly for the first time with Britain's ICL in bidding for a major prestige government contract.

The Prime Minister is keen to encourage purchases of British high-technology equipment whenever possible. A special ministerial committee *which she set up last year has* concluded, however, that international agreements would make it legally impossible to give ICL *preferential* treatment in this instance.

Just over two years ago the Government decided, after months of anguished discussion, to award ICL a £60m contract to computerise the Inland Revenue's Pay As You Earn operations on a single-tender basis. This was in spite of vigorous lobbying by IBM and other U.S. suppliers.

Since then EEC and General Agreement on Tariffs and Trade rules have come into force requiring Britain to throw open the bidding for central *government* computer contracts to tenders from domestic and foreign makers

If a decision were made to offer ICL the licensing centre contract on a single-tender basis there is a strong risk foreign makers would challenge it at the European Court, in Luxembourg

Swansea's existing computers were supplied by ICL about 10 years ago. The installation was dogged initially by operating problems but has undergone extensive technical modifications and appears to be functioning smoothly.

A loophole in the EEC and Gatt rules allows governments to award orders to national *computer-suppliers on a single-*tender basis when the work involved is a follow-on to contracts carried out earlier by *the same makers.*

The loophole would almost certainly not apply in this instance because the Government seeks to replace the Swansea computers with an entrely new system rather than to install additional equipment.

The decision to put the contract to open tender could arouse political controversy in Britain. The Government is expected to defend it, however, on the grounds that even if the order goes to a foreign maker like IBM the equipment is likely to contain a high proportion of UK-made content.

Yen credit offer to UK and U.S. exporters

By Charles Smith, Far East Editor in Tokyo

BRITISH AND U.S. companies will be able to draw on cheap credits from Japan to finance exports to third countries under agreements announced yesterday by the Ministry of Finance in Tokyo.

The arrangement, reached between the Japanese ministry, the U.S. Eximbank and Britain's Export Credits Guarantee Department, means that yen-denominated loans—*which will be cheaper than* sterling or dollar financing—will be extended by Japanese banks to the exporters or their customers in other countries.

The loans will carry guarantees by the ECGD or the Eximbank (as the case may be) and will be priced at the same level as loans made by Japan's own Eximbank to Japanese exporters, under Organisation for Economic Co-operation and Development guidelines.

The guidelines proposed for Japan at the latest OECD conference on trade financing held last week in Paris stipulates that export loans will carry a 0.3 percentage point premium over Japanese prime rate, now at 8.4 per cent.

A Ministry of Finance official in Tokyo yesterday said he doubted that the new system would result in a flood of applications for these loans. They appear likely to be offered as one of a number of possible financing options to potential customers.

Japan hopes the agreement will be seen as evidence of its willingness to "pull its weight" in world trade—and as *proof* that controls on external use of the yen are not as rigid as sometimes alleged.

The arrangements may serve as a pattern for similar agreements with other Western countries.

Giles Merritt writes: In another attempt to ease trade frictions. Japan has undertaken to announce fresh measures to ease import restrictions, in advance of next month's economic summit talks in Versailles between it and the U.S., West Germany, France, Britain, Italy and Canada.

This pledge, which follows Japan's *liberalisation* of import barriers affecting 67 products last January, was given by Mr Shintaro Abe, the Japanese Minister of International Trade and Industry, at trade talks near Chartres between Japan, the U.S., the EEC and Canada.

Mr Abe said he could only give a "*sketchy*" *indication* of the package, which would include "considerable reductions" in tariffs for manufactured goods.

Bid for World Bank Fund, Page 5

Civil service unions look set for confrontation with Government

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THREE CIVIL service unions yesterday positioned themselves for confrontation with the Gov*ernment. This follows* the Government's defeat of the civil service unions' campaign of industrial action last year.

● Left wingers won a sweeping victory in executive elections in the Civil and Public Servants Association, the biggest civil servants' union, and secured the election as union president of a hard-line supporter of the Labour Party's Militant Tendency.

● The conference of the Society of Civil and Public Servants, the second biggest, threw out an existing agreement between the unions and the Government on the introduction of new technology. This was one day after the CPSA's conference had done the same.

● The conference of the First Division Association, which organises top civil servants, backed its executive's position of support for the TUC's campaign of opposition to the employment legislation.

The announcement yesterday at the CPSA's annual conference in Brighton of the election of Mr Kevin Roddy as president—and an executive committee split 23-3 in favour of the left—throws into doubt recent agreements with the Government.

Previously it was thought that decisions by the union's rank and file to go back on agreements on the introduction of new technology and on time off for union duties—the only agreements the unions have signed since last year's 21-week strike over pay—would be circumvented by voting on the full Council of Civil Services Unions. This is the co-ordinating body *for all the unions in the civil* service.

However, the sheer strength of the left in the CPSA now means that the commitment to withdraw from these agreements will be pursued much more forcibly, and the union's elected leadership may not feel bound by a majority decision of the council.

The dominance of the left in the CPSA also makes sharp reaction more likely to the forthcoming report of the inquiry into civil service pay, headed by Sir John Megaw. One moderate CPSA leader said yesterday: "They want an all-out strike, and I suppose they will eventually bet it. Then we wil lhave to start all over again.

The election of Mr Roddy is a particularly galling blow for Mr Alistair Graham, general secretary-elect, who in the deputy general secretary's election mounted an unprecedented campaign against the Militant candidate. He made no secret of his opposition to the activities of Militant supporters in the union. They, however, can now command an overwhelming majority on the union's broad left alliance.

Mr Roddy was elected by 23,210 votes, against the 21,515 polled by Mr Charlie Elliott, the right's candidate. Mr Elliott failed even to secure a place on the national executive because of union rules on the number of executive places for staff from each government department.

The ideological clash between the moderate Mr Graham and Mr Roddy is likely to be intense. Mr Graham said yesterday that he did not welcome the prospect of the election of such a firm Militant supporter as Mr Roddy "because I feel very strongly about the role of Militant in the CPSA."

Mr Roddy hoped that differences between them could be *resolved within the* union's democratic procedures.

The outgoing president, Mrs Kate Losinska, leader of the union's right wing, failed to win the senior of the two vice-presidencies, which went instead to Mr Ray Alderson, a member of the Communist Party, who polled 29,183 votes to Mrs Losinksa's 28,393.

Tebbit Bill opposed, Page 10

EEC budget Continued from Page 1

UK during the Falklands crisis —support still needed in the discussion due this weekend on whether the EEC will renew its ban on imports from Argentina.

Both Mr Tindemans and M. Thorn are desperately anxious to avoid a bitter clash at a meeting of agricultural ministers on Monday when the other nine member states are expected to make a fresh attempt to push through a 10.7 per cent farm price package over British objections.

They are hoping for another attempt to settle the British budget row between foreign ministers meeting at the weekend.

The Council of Ministers was urged to adopt the farm price package in an emergency *resolution passed by the European* Parliament yesterday. The resolution also called on the president of the Parliament to take the council to the European Court for the delay and called on the council to abandon the so-called Luxembourg compromise.

This informal agreement—dating back to 1966—requires unanimity on issues which any member Government declares to be of vital national interest. It was invoked by Mr Peter Walker at a meeting of EEC Farm Ministers last Tuesday.

Sir Henry claimed that a majority of British Conservative MEPs were in favour of Britain dropping the link between farm prices and a settlement of its budget demand. The Government he said, ought to allow the price package through on a majority vote, without invoking the *Luxembourg compromise.*

Tory backbenchers Continued from Page 1

meeting of the party's back bench 1922 committee.

The *Conservative business* managers recognise that the concern goes beyond the 20 to 30 MPs of the hard core Tory Right but they believe that opinion is volatile and could be containable if Mrs Thatcher supports any deal.

It is too early to talk of any *open splits within the Cabinet* since no decision has had to be faced on whether to accept any UN deal. There is also agreement on the current mix of diplomatic and military pressure. But there is a difference of emphasis and tone between Mrs Thatcher's determination to *avoid any "sell-out" and Mr* Pym's obvious keenness to pursue negotiations for as long as possible.

The Government was given the mixed blessing of the strong support of Mr Edward Heath, who urged flexibility in negotiations, thus provoking criticism *from fellow Tory MPs.*

Mr Denis Healey, the deputy Labour leader, offered a continuation of bi-partisan support for current policies and urged that negotiations be continued. His evident intention was to support Mr Pym against what he described as the "militarist tendency" within the Tory Party.

Mr Healey strongly opposed any bombing of mainland Argentine airfields, preferring a strategy of prolonged blockade if talks failed.

In his speech, Mr Pym said it was important that Argentina should recognise there are *issues on which Britain is* "justifiably immovable," referring to the withdrawal and no pre-judging of sovereignty points, in order to make greater progress in other areas "where some flexibility is possible."

Creditors surprised by Braniff bankruptcy

By Richard Lambert in New York

CREDITORS of Braniff International expressed surprise yesterday at the airline's decision to suspend operations and file for protection under chapter 11 of the U.S. federal bankruptcy laws.

The company's major lenders include Boeing and several large insurance companies, as well as a wide range of U.S. banks. Braniff had been trying to reorganise its borrowings of more than $700m (£384m), and had not, lenders said, given any indication of its plan to suspend operations.

One bank said the decision followed a steep fall in Braniff's load factors in recent weeks, the result of growing uncertainty about the airline's financial position. Braniff confirmed the move was made on its own initiative and resulted from continuing cash-flow problems.

Mr Howard Putnam, its chairman, said the petition for protection should provide the airline with a chance of "rehabilitation." Under chapter 11 a company is protected from creditors while it tries to reorganise its financial affairs.

A Braniff official said the airline hoped to resume several services. Some lenders, however, were sceptical about this possibility.

Mr Putnam told a Press conference in Dallas: "We'll be back—whether under the name of Braniff or someone else." He said cheques due to be paid to Braniff's 9,000 or more employees would not be honoured. "There is no money out there," he said.

***Explaining the timing of* Braniff's move, he said: "We took the action at an unusual hour because of the fear of creditors' actions against us."**

On Wall Street the share prices of rival airlines were marked up sharply on the news of Braniff filing for protection. A flood of buying orders delayed the start of trading in shares of American Airlines, Braniff's Texan rival. These shares opened eventually at 16¼, up 1 1/5.

Other airlines reacted swiftly to Braniff's shut-down. Eastern Airlines, which had agreed to take over most of Braniff's South American routes from June 1, began some of the services yesterday. It hopes to offer the full range in a few day's time.

Delta Airlines asked the U.S. Civil Aeronautics Board for immediate permission to replace Braniff's flights from Dallas-Forth Worth to London.

Weather

UK TODAY

SUNNY periods with some outbreaks of rain.

SE, E and central N. England, and E Midlands
Sunny periods. Max. 26C (79F).

Central Southern and W. England, W. Midlands, Wales and W. Scotland
Bright or sunny periods, outbreaks of thundery rain later. Cooler on coasts. Max. 24C (75F).

NE England, E. and N. Scotland
Sunny intervals. Some fog. Max. 20C (68F).

N. Ireland
Cloudy. Thundery rain, becoming brighter in east. Max. 18C (64F).

Outlook: Little change.

WORLDWIDE

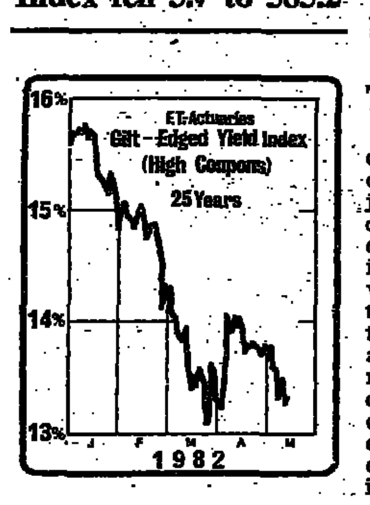
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	19	66	L. Ang.†	—	—	—
Algiers	C	19	66	Luxmbg.	S	19	66
Amsdm.	S	16	61	Luxor	S	35	95
Athens	S	28	82	Madrid	S	24	75
Bahrain	S	30	86	Majorca	S	20	68
Barclna.	S	18	64	Malaga	F	19	66
Beirut	S	28	82	Malta	R	21	70
Belfast	R	16	61	M'chstr.	S	22	72
Belgrd.	F	19	66	Melbne.		—	—
Berlin	S	16	61	Mx. C.†		—	—
Biarritz	S	26	79	Miami†		—	—
Bmghm.	S	22	72	Milan	S	22	72
Blackpl.	S	23	73	Montrl.†	C	10	50
Bordx.	S	25	77	Moscow	C	14	77
Boulgn.	S	22	72	Munich	S	19	66
Bristol	S	23	73	Nairobi		—	—
Brussels	S	20	68	Naples	S	24	75
Budpst.	S	19	66	Nassau		—	—
Cairo		—	—	Nwcstl.	S	17	63
Cardiff	S	21	70	N York†		—	—
Cas'b'ca	S	23	73	Nice	S	20	68
Cape T.	C	18	64	Nicosia	R	27	81
Chicg.†		—	—	Oporto	C	18	64
Cologne	S	20	68	Oslo	S	16	61
Cpnhgn.	S	15	59	Paris	S	21	70
Corfus	S	25	77	Perth		—	—
Denver†		—	—	Prague	S	17	63
Dublin	C	14	47	Rykjvk.	C	8	46
Dbrvnk.	S	23	73	Rhodes	S	24	75
Ednbgh.	S	15	59	Rio J'o†		—	—
Faro	S	20	68	Rome	S	23	73
Florence	S	25	77	Salzbrg.	S	18	64
Frankft.	S	19	66	S'ciscot		—	—
Funchal	C	18	64	S. Mrtz.		—	—
Geneva	S	19	66	Singapr.	F	31	88
Gibrltr.	C	19	66	S'tiagot		—	—
Gl'sg'w	S	16	61	Stckhm.	S	12	54
G'rnsey	S	20	68	Strasbg.	S	20	68
Helsinki	F	8	46	Sydney		—	—
H. Kong	F	30	86	Tangier	S	23	73
Innsbrk.	S	19	66	Tel Aviv	S	24	75
Invrnss.	C	10	50	Tenerife	S	21	70
I.o.Man	S	13	55	Tokyo	S	25	77
Istanbul	C	16	61	T'r'nto†	C	13	55
Jersey	S	25	77	Tunis	S	22	72
Jo'burg	S	20	68	Valencia	S	20	68
L. Plms.	S	22	72	Venice	S	21	70
Lisbon	S	21	70	Vienna	S	17	63
Locarno	S	19	66	Warsaw	S	16	61
London	S	22	72	Zurich	S	19	66

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Braniff cuts its engines

Index fell 5.7 to 585.2



Braniff International has been defying gravity for longer than its shareholders and bankers care to remember. The last balance sheet showed debts of around $740m and a deficit on shareholders funds of $90m. It was little surprise that the group yesterday filed for Chapter XI protection from its creditors.

The sad irony of yesterday's announcement is that the airline sector in the U.S. has recently enjoyed an exceptionally *good* run on Wall Street. The industry's operating loss of $540m in the first quarter of 1982 is widely regarded as the nadir.

Losses should be now falling for seasonal reasons, if nothing else. But analysts are also expecting a cyclical recovery in the second half of the year as the U.S. economy starts to move forward. Tariffs across the North Atlantic have risen since the Laker crash and the ending of a price war in Florida has provided evidence of more realistic tariffs within the U.S.

But the stock market has been selective in its enthusiasm. The share price of Delta, a well financed group with a tight cost structure, has risen by over 20 per cent since early February, when the rally gathered momentum. The weaker companies could still suffer, in the same way as Braniff, from the loss of customer confidence. The share price of Western Air Lines, for example, remains locked close to $4.

Philips

Philips has the image of a worthy and somewhat stodgy company operating in the area of consumer electronics most vulnerable to Japanese competition, and in recent years London brokers have rather lost interest *in following its fate. This is a* pity, since the price now stands 69 per cent above its low point in 1981.

The latest figures, for the first quarter of 1982, show a 13 per cent decline in net profits against the comparable quarter, due mainly to the higher level of interest charges. *Underlying* trading profits are up 10 per cent, helped by a 5 per cent gain in volume and improving margins as the company's rationalisation begins to produce returns. Evidence of a turnround can be seen in the 60 per cent gain in net profits by comparison with the immediately preceding three months.

The company has been paring back working capital, while capital expenditure is running within depreciation, so the interest charge should stabilise. Meanwhile, it is gaining market share in TV in Europe at the same time as the Japanese, while its VCR is gradually gaining acceptance. From now on each quarter should be showing comfortable improvements in profits against the comparable period. The shares slipped Fl 0.20 yesterday to Fl 24.80, where the yield is an undemanding 7.3 per cent.

BASF

The first quarter figures from BASF paint a sorry picture of volume trends in most of its major markets. Last year, rising export volumes helped to protect the West German chemical majors from the stagnation of *the domestic economy but, with* U.S. sales now falling sharply, relief is hard to find.

Pre-tax profits have fallen 38.1 per cent to DM 276m in the three months to March. There has been some improvement compared with the previous quarter but, after allowing for seasonal factors, the trend remains clearly downward. BASF has recently reduced its low-density polyethylene capacity by about 160,000 tonnes per year but more closures in the commodity plastics division must be on the cards.

The decline in spot oil prices has applied further pressure on the margins from refinery products at a time when BASF is locked uncomfortably into long-term supply contracts for feedstock. As a sign of the gathering gloom, BASF has cut back by almost 10 per cent its capital spending budget for 1982. Admittedly, this should be financed broadly from cash flow and BASF can even point to a few areas of recovery, including fibre intermediates. But the group is obviously braced for another grim year at home.

Trident

The Trident gamble has paid off handsomely, although the company has just missed the jackpot. When the Independent Broadcasting Authority ordered divestiture of television interests, the ordinary shares were standing at 47p. Before the Playboy deal was announced they were 51p, and yesterday, after Trident succeeded in winning permission to operate two casinos—albeit the two smallest of the three London Playboy establishments — the shares ended up at 71p, after jumping 9p.

The two casinos and the betting chain may produce annual pre-tax profits of up to £7m, producing a p/e of below 4, fully-taxed, on the effective purchase price of £13m. With the remaining TV interests, the group could make perhaps £11m in a *full* year, so the overall p/e is an undemanding 6¼. Moreover, once the reconstituted group has established a track record as a "fit and proper person," there is always the chance that it may one day be able to reopen the main Playboy casino.

Guinness Peat

Guinness Peat's new regime has evidently come to the conclusion that commodity trading is too risky for a group with net worth of only £40m. So, one way or another, Guinness Peat is going to reduce its involvement in the commodities game. The possibility of a management buy-out, which would be partially financed by Lord Kissin, has an ironic appeal; Lewis and Peat, the *group's main commodity trad*ing business, was the base from which Lord Kissin assembled Guinness Peat in 1973.

Putting the commodity managers together with certain investors who were familiar to them looked to the present board as if it might be the best way of scaling down its commitment. Guinness Peat may end up keeping a minority interest in the commodity trading companies, thus deconsolidating the traders' heavy borrowings from the group balance sheet. Or it might sell some businesses but not others. At the end of the day, however, the group still needs to find itself a role.

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